

FINANCIAL TIMES

BRAZIL

Victorious Collor may bide his time

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No.31,029 • FINANCIAL TIMES 1989

Wednesday December 20 1989

World News

Bush faces congressional row over China policy

President George Bush's policy of keeping open high-level contacts with the Chinese leadership has come under renewed fire from congressional leaders...

Moscow ruling

The Soviet Union effectively laid down seven preconditions for closer co-operation and possible union between the two Germanys...

Mandela in talks

Nelson Mandela, jailed leader of the ANC, has held talks with black political leaders in preparation for negotiations with Pretoria...

Lithuania party plans

Algirdas Brazauskas, Communist party leader in Lithuania, formally proposed that his party break away from the Soviet Communist Party...

Sarney offers to quit

President José Sarney of Brazil has said he would offer no resistance if his successor, Fernando Collor de Mello, insisted on taking office before the official inauguration date...

Sweden faces row

Western diplomats predict that another arms row could be about to erupt between Sweden and India, following reports that Tamil separatist rebels are using a Swedish-made anti-tank gun in Sri Lanka...

Martial law lifted

The new Jordanian Government plans to lift the martial law which has existed for 32 years...

Serbia rejects plan

Yugoslavia's efforts to emerge from economic crisis received a blow when Serbia, the largest republic, rejected an emergency recovery plan prepared by the federal government...

Egypt's nuclear plea

Egyptian energy officials called for greater use of nuclear power as the cleanest energy source and urged rich nations to subsidise reactors for the Third World...

Fish got protection

EC fisheries ministers agreed to protect stocks of cod and haddock by cutting catches in the coming year...

Mozambique to vote

Mozambican President Joaquim Chissano announced general elections for 1991 but hinted they would be single party only...

Libya changes mind

Libya has decided to attend this week's meeting of Arab and EC foreign ministers in Paris, which it earlier denounced as a plot to drive a wedge between itself and the rest of the Arab world...

Chinese imposters

A ship chartered by China will take home on Thursday 201 Chinese nationals who arrived in Japan posing as Vietnamese refugees but people, a Foreign Ministry spokesman said...

US mid-air crash

The US Air Force said it had temporarily suspended air combat training flights in West Germany after a mid-air crash killed one pilot and showered debris over a town...

Flu kills 100

An influenza epidemic killed more than 100 people in Britain in the first week of December, according to official figures...

Business Summary

Britain will pay £150m to Clowes investors

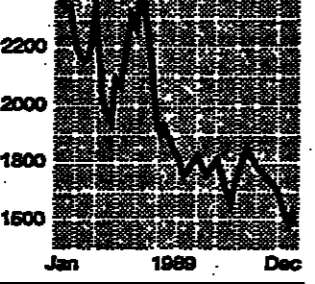
The UK Government announced a £150m (£236.65m) payout to the investors in the collapsed investment group Barlow Clowes, marking an unprecedented official bail-out for the 18,000 investors caught up in the affair...

Aluminium

ALUMINIUM prices on the London Metal Exchange continued to retreat with cash metal shedding 27 to £1,587...

Aluminium

Cash price 99.7% (\$ per tonne)



a tonne, the lowest closing price since the 99.7 per cent cash price came on the board in August 1987...

FERRANTI International Signal

troubled UK defence electronics group, believes it is unlikely any company will bid for it by the deadline of February 5 that it has set for offers...

TRADE: The green light

was given for negotiations to start next year aimed at allowing goods, services, labour and capital to flow freely between the 19 countries of the EC and the European Free Trade Association...

SWAN Hunter Shipbuilders

UK Tyne-side yard, has won its way back into the Government's warship construction programme by clinching a batch order worth more than £300m (£490m) for three Type 23 anti-submarine frigates...

NFC, transport, distribution

and travel group, announced a 24 per cent advance to pre-tax profits of £90.2m (£144.5m) for the year to September 30...

LLOYD'S OF LONDON

members started the largest single legal action brought by such a group over the loss of £304m (£487.5m) by the underwriter R.H.M. Outhwaite...

ALAN BOND, besieged

Australian entrepreneur, said that he would soon proceed with the long-awaited deal for Bond Corporation Holdings to sell its beer interests to Lion Nathan, New Zealand brewer...

BRITISH LAND, property

company, suffered another blow to its chances of winning approval from shareholders for its controversial restructuring plan as one of the two largest shareholders in the company decided to vote its 7.37 per cent stake against the scheme...

READER'S Digest Association

, publisher of the world's most widely read magazine, is to raise up to \$550m through an initial public offering of 21.2 per cent of its total common stock...

IMF is expected to release

\$254m early next year to help finance the Philippines' debt buy-back programme, senior Finance Department officials said...

ARTITH-PRICE, pulp and

paper group 80 per cent controlled by the Reichmann family of Toronto, is halving its quarterly dividend to 12.5 cents a share...

BANK of Tokyo is extending

its London-based fund management activities by buying out its joint venture with Touche Ross, UK fund management firm...

Soviets join West to condemn Ceausescu

By Judy Dempsey in Budapest, David Buchan in Brussels and Peter Riddell in Washington

THE SOVIET UNION and the Western allies united yesterday to condemn President Nicolae Ceausescu's regime in Romania as the death toll in last weekend's military crackdown in the city of Timisoara appeared to be about 400...

Large parts of Romania were last night said to be virtually under martial law, although reports on the situation in the country, which has in effect sealed its borders with the outside world, remained sketchy...

However, the Soviet and Yugoslav media reported that tension was high in Bucharest, the Romanian capital, with institutions and factories under heavy guard and soldiers patrolling the streets with automatic weapons...

Travellers arriving in neighbouring Yugoslavia and Hungary reported seeing military activity across the country and Bucharest airport ringed with tanks...

Hungarian radio also reported yesterday that clashes were continuing in Timisoara...

Mr Eduard Shevardnadze, the Soviet Foreign Minister, said in Brussels that he had received preliminary information about some unpleasant things that have happened there...

Answering questions on a visit to Nato headquarters, he said: "I can only say that, if indeed some loss of life has occurred, I can only express my profound regret..."

In Washington, Mr Martin Fitzwater, President Bush's spokesman, described the crackdown on political demonstrators as "totally unjustified..."

In London, Mr William Waldegrave, a Foreign Office minister, urged Romanian state employees to overthrow the Communist Government for their own safety...

"The right thing for them to do from their own safety point of view is to represent the true will of the Romanian people and put an end to this regime," he said...

The main source of news about the events in Timisoara on Sunday remains the reports of witnesses who have arrived in neighbouring Hungary and Yugoslavia...

Hungarian radio, another source, quoted a young Hungarian with relatives working as doctors in Timisoara as saying 250 people died in one hospital alone, and estimating the final toll at 300-400...

"Hundreds are lying in the hospitals with terrible injuries, bullet wounds, contusions, others crushed by tanks," he said...

A lorry driver who had crossed the border into Yugoslavia said: "It was just horrible. I saw people being killed. I saw two fires burning on the outskirts of the city..."

Another lorry driver said: "Timisoara is nothing compared to Timisoara Square..."

Unconfirmed reports say the demonstrators, who swelled in number from 300 to many thousands in the early hours of Sunday morning, marched on the city's Party headquarters and tried to burn them down...

The witnesses also say the angry crowds, frustrated following years of repression by the Securitate, broke into a bookshop and burnt any books written by President Ceausescu...

They also burnt placards and effigies of the President which are on display in every Romanian city and town...

Mr Ceausescu is continuing with his state visit to Iran, apparently unconcerned about the violence in his country. He assured Iranian leaders in Teheran on Monday that his country's economic and social position was "good, stable and balanced..."

In his absence the country is being run by his wife, Elena, his designated number two...

In the first indirect reference to the demonstrations, Scintila, the Romanian party daily, yesterday warned that "the authorities will take all the necessary means to restore the situation..."

It did not give any details of the Timisoara riots...

Kohl-Moscow - Moscow points the way; Lafontaine stakes claim; Reunification - a question of democracy, Page 3; Editorial comment, Page 14

Kohl urges patience • Brandenburg Gate to open • Extra economic aid agreed

German leaders prepare for unity

By David Marsh in Dresden

MR HELMUT KOHL, the West German Chancellor, last night told a vast and rapturous crowd in Dresden that East and West Germany were on the way towards national unity, but appealed for "patience" to prevent the move running out of control...

In a summit meeting with Mr Hans Modrow, the East German Prime Minister, the two states agreed to sign next spring a formal co-operation treaty to pave the way for confederal links...

The summit also brought an accord on an extra Dm3.5bn (£3.03bn) in West German credit guarantees to support the East German economy, as part of a series of efforts to improve collaboration in transport, the environment, social policies and culture...

Mr Modrow announced that the symbolic Brandenburg Gate which divides East and West Berlin will be opened before Christmas...

Visa-free travel between West and East Germany will be also brought in by December 24, a week earlier than planned. In another move to emphasise East German reforms, Mr Modrow said his country would release soon all political prisoners, if possible for Christmas...

Throughout yesterday, Mr Kohl was feted by thousands of Dresdeners shouting "Helmut, Helmut" and brandishing pro-unity slogans. But the high point came with his open air address after laying a wreath at the ruins of the Church of Our Lady, bombed in the Allied attack on February 1945...

Surrounded by a forest of black-red-and-gold flags, interrupted repeatedly by chanting of "Deutschland, Deutschland, Deutschland", Mr Kohl proclaimed that the two Germanys were on the "difficult path" to forging a common state, but needed to take into account the views and interests of neighbours in East and West...

"My goal, if the hour of history allows it, is the unity of the nation. With common sense and moderation and a sense for realities, we can reach our goal," he declared to a roar of applause from tens of thousands of East Germans massed in the square in front of the bombed remains...



West German Chancellor Helmut Kohl (right) waves to the crowds as he arrives at Dresden's Culture Palace yesterday with East German Prime Minister Hans Modrow

Increasing polarisation in East Germany over unity was however underlined by a rival anti-reunification demonstration by left-wing groups in East Berlin last night...

Mr Modrow and Mr Kohl are to meet again in West Germany around the end of January or early February...

The two sides agreed yesterday to set up joint Economic and Environment Commissions, as well as a study group to improve tourism exchanges...

West Germany is to increase credit lines to back co-operation by smaller industries from Dm4.5bn to Dm6m...

Another Dm2bn from budgetary funds is to be set aside for guarantees for other industrial projects. A key condition is the new East German law on joint ventures expected to be finalised next February...

West Germans "will not leave our compatriots in the lurch" but warned that German unity could only take place under a "European roof..."

He said West Germany would respect East German wishes over the future of the second German state. But there was no doubt last night in Dresden where the multitude saw their destiny - "Deutschland, Deutschland..."

Moscow points the way, Page 2; Lafontaine stakes claim; Reunification: a question of democracy, Page 3; Romania: Ceausescu relies on Fear, Page 3

Continued on Page 15

Bridgestone falls 62% after Firestone costs

By Ian Rodger in Tokyo

BRIDGESTONE, the Japanese tyre group, said its consolidated net income this year would tumble 62 per cent to Y15bn (£107.1m)...

The group said the loss is mainly because of unexpectedly high costs incurred in rehabilitating Firestone Tire & Rubber of the US, which it acquired in March 1988 for \$2.6bn...

Bridgestone shares fell Y30 to Y1,590 on the Tokyo Stock Exchange following the announcement. Analysts had been expecting a slight decline in net income this year, perhaps to Y15bn from Y39.9bn...

The inclusion of 14 months of Firestone's poor results in this year's consolidated figures will depress the final results. Bridgestone expects Firestone's performance will partially recover next year and is forecasting a consolidated net income of Y25bn. The group is counting on a full recovery in 1992...

"We must harvest the fruit by 1992," the spokesman said.

There was also a suggestion of management problems associated with the takeover. "The two corporate cultures are very different and there is no precedent for this kind of operation," the spokesman said...

Bridgestone has sent 200 engineers to the US from Japan to help restore Firestone's competitiveness. "We think it will gradually come right," he said...

Other problems faced by the group this year included weak markets in Latin America and the Middle East for both Bridgestone and Firestone tyres and intense competition in European markets...

The threat of a rebellion against the proposed legislation by a large number of right-wing backbench MPs, however, may have persuaded Mr Hurd...

Continued on Page 16

Refuge for 225,000 from HK

By Philip Stephens, Political Editor, in London

THE BRITISH Government will announce today a plan which would give about 225,000 Hong Kong residents the right to settle in Britain in an attempt to underpin confidence in the colony in the run-up to its transfer to China in 1997...

Mr Douglas Hurd, the Foreign Secretary, will announce in the House of Commons the introduction of a new "points system" under which key personnel in Hong Kong's public and private sectors will qualify for full British passports...

Official Foreign Office estimates suggest that as many as 60,000 heads of household could receive the passports, implying an obligation to a total of about 225,000 people if dependents are included...

The threat of a rebellion against the proposed legislation by a large number of right-wing backbench MPs, however, may have persuaded Mr Hurd...

Continued on Page 16

Swapo goes in search of a credible economic policy

Sam Nujoma (left), leader of Swapo, committed his party firmly to a "mixed economy" after its victory in Namibia's pre-independence elections. It marked a toning down of the party's Marxist rhetoric. Page 4

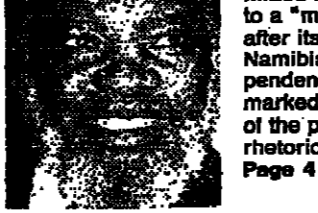


Table with 2 columns: Region/Category and Value. Includes Europe (2.3), Americas (2.0), Companies (1.8), Overseas (1.4), Composite (2.1), World Trade (6), Britain (0.10), Companies (22.2), Agriculture (24), Arts-Reviews (13), World Guide (13), Commodities (26), Crossword (32), Currencies (12), Editorial Comment (14), Euro-Options (12), Financial Futures (32), Gold (24), International bonds (24.2), Int. Capital Markets (21), Letters (15), Law (18), Management (12), Money Markets (14), Observer (12), Raw Materials (24), Stock Markets (24), Wall Street (23.25), Technology (12), Unit Trusts (26.29), Weather (16), World Index (28)

Middle East Launch of Iraqi space rocket fuels fears in Israel

Taiwanese European companies fight to win rail orders

Technology: Courts and computers - the icing on the banking gâteau

Editorial Comments And now Romania? Incompetent and evasive

Gloomy US economic indicators: The cheerfulness begins to fade

Burdens of the UK fiscal system: What it costs to collect tax

THE HERITABLE & GENERAL INVESTMENT BANK LIMITED. £70,000,000 Revolving Credit Facility. Arranged by HILL SAMUEL BANK LIMITED. List of participating banks including HSBC, Dresdner Bank, Österreichische Länderbank A.G., SDB Bank Ltd, Crédit Lyonnais, BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT, etc.

MARKETS. STERLING: New York lunchtime: \$1.80, London: \$1.8005 (1.803), Dm2.78 (2.7875), Ft-30 (4.4225), Sfr12.4975 (2.4825), £ index 99.6 (99.5), GOLD: New York, Comex Feb \$416.1 (same), London: \$414.25 (408.25), N SEA OIL (Argus): Brent 15-day \$17.02 (+0.02), Chief price changes yesterday: Page 17, MARKET REPORTS: CURRENCIES, Page 32; BONDS, Pages 20, 21; COMMODITIES, Page 24; EQUITIES, Pages 25 (London), 33 (World)

EUROPEAN NEWS

Ceausescu relies on fear and army to keep him in power

By Judy Dempsey in Budapest

AS ROMANIA'S party leader, Mr Nicolae Ceausescu, continues his official visit in Iran, apparently confident that the dreaded Securitate, or security apparatus, can clamp down on any further dissent, the leadership's future existence now depends on two crucial factors: the erosion of fear and the loyalty of the army.

repression used against the opposition did not seem as intense as in East Germany and Romania. But once the lid was lifted in East Germany, the crowds attacked the system with rage.

then must seek permission from the police chief running the town which the theatre wishes to visit. In short, the acquiescence of the population has been gained not through any form of legitimacy but through fear.

Moscow points way toward German unity

By David Buchan in Brussels

THE SOVIET UNION yesterday effectively laid down seven preconditions for closer co-operation, and possible union, between the two Germans, including the neutrality and demilitarisation of any unified German state.

of history within the framework of the evolving European process. Raising questions which he said had to be answered before any practical discussion of German reunification could start, Mr Shevardnadze suggested that West Germany would have to accept unequivocally existing frontiers, that East Germany could not be expected to leave the Warsaw Pact while West Germany stayed in Nato, that the rights of war-time allies in both Germans would have to be clarified, and that there would have to be "political, legal and material" guarantees that a reunited German nation would not threaten European peace.

European country should act without due regard for the European balance. He then flew on for talks in London with Mr Douglas Hurd, his British counterpart, and Mrs Margaret Thatcher, in which the German question is expected to head the agenda.

the old German Reich sought to exist within the 1989 borders. Chancellor Kohl's recent 10-point plan for future relations between the two Germans had fuelled, rather than allayed, this Soviet concern, he said, though he acknowledged that Mr Genscher had endorsed the Oder-Neisse line that now forms the East German-Polish border.

Doubts remain about the depth of the revolution in Czechoslovakia

By A.H. Hermann in Prague

WHAT TOOK years in Poland and months in Hungary is taking a matter of days in Czechoslovakia. The changes are proceeding at breathtaking speed, but for that very reason may not be as penetrating or as real as the euphoria of Prague students, seen through the magnifying glass of the world press, may suggest.

On the same day, General Miroslav Vacek, the Defence Minister, said army service would be shortened from 24 to 18 months, and nine months for university graduates. Reservists called to annual exercises would be reduced this year by 50,000 and the usual military parades would not be held in Prague and Bratislava on the anniversary of the 1935 revolution.

under which Tomas Bata made it into the metropolis of his worldwide footwear empire. As if this were not enough, on Monday Mr Marian Calfa, the Prime Minister, received Prince Karel Jan of Schwarzenberg, head of the family which until 1948 owned great tracts of agricultural land and forests in South Bohemia and in more distant times competed for political power with the Czech kings.

move allowed one old plant to be mothballed and the operation consolidated into a second Antwerp plant without any loss of output. It has been seeking reforms of working practices at its other European operations in an effort to increase production capacity without building new greenfield site manufacturing plants.

West German motor industry has the highest labour costs and some of the shortest hours in the world industry. Industry leaders have warned repeatedly in recent years that the industry would increasingly lose out on new investments to lower cost countries, unless unions accept more flexible working.

if a change in Moscow made this possible. However, the coin has another side. The completeness of the voice-fax suggests that many of the reformists - and all profess now to be in this category - are simply continuing their blind obedience to the commands from above, possibly from Moscow. Some people fear that they might change with the same swiftness again if told to do so.

Financial Times, USPS No 196460, published daily except Sundays and holidays. US subscription rates \$55.00 per annum. Second-class postage at New York NY and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 57th Street, New York, NY 10022.

Advertisement for Sammi Steel Co., Ltd. featuring a logo with a stylized 'S' and 'M' and text: 'U.S. \$50,000,000', '1 1/4 per cent. Bonds due 1994', 'Warrants to subscribe for non-voting shares of Sammi Steel Co., Ltd.' and a list of international financial institutions.

Advertisement for Brasilverst S.A. International Depository Receipts, issued by Morgan Guaranty Trust Company of New York - Brussels Office. Includes an agenda and notes regarding the IDRs.

Advertisement for Kommunaleinstitut Aktiebolag, UA 12,000,000 7 3/4 % Bonds 1978-1993. Includes a table of bond numbers and amounts.

Advertisement for Credit Lyonnais, US\$ 150,000,000 Floating Rate Notes due January 1993. Includes terms and conditions and contact information for the fiscal agent.

Table titled 'GRANVILLE SPONSORED SECURITIES' listing various securities with columns for High/Low, Company, Price, Change, Gross Yield, and P/E ratio.

Advertisement for FT-SE 100, 'Where next?' with contact information for M. E. B. D. and CALL Futures Ltd.

EUROPEAN NEWS

Lithuanian party chief urges a breakaway

By Quentin Peel in Vilnius

THE Communist party leader in Lithuania, Mr Algirdas Brazauskas, yesterday formally proposed that his party break away from the Soviet Communist Party and espouse the ultimate aim of independence, either inside or outside a Soviet confederation.

In a strongly nationalist speech, still expressing firm commitment to perestroika, Mr Brazauskas called for the creation of a confederal Communist party, and a confederal state, from which any republic would have the right to secede.

At the same time he proposed a programme which bluntly commits the Lithuanian Communist Party to the "restoration of Lithuanian

statehood" and creation of "an independent state", without qualification.

He rejected the repeated pleas of Mr Mikhail Gorbachev not to break away, setting out instead a vision of a democratic Lithuania moving away from "totalitarianism" in the same way as the rest of Eastern Europe.

He revealed that talks had already taken place with Soviet military commanders, including General Dmitri Yazov, the Defence Minister, on the number and position of Soviet troops in Lithuania.

Speaking in the huge modern opera hall in the Lithuanian capital, with no sign of any bust or statue of Vladimir

Lenin, or any other Soviet Communist leader, he proposed what is virtually a social-democratic party programme for the future Lithuanian Communist Party.

It includes a commitment to multi-party democracy, a market economy, and the primacy of human and individual values over class interest and ideology.

On the steps outside, rival groups of demonstrators demanded either immediate independence, denouncing the Communist party as an irrelevance, or complete integration in the Soviet Union - the latter from the Russian-speaking minority of Lithuania.

The Lithuanian Communist

Party platform seems certain to be approved by the full-scale party congress today, with 80 per cent of its participants Lithuanian. It is by far the most radical yet presented from within the Soviet Communist Party. Yet many observers believe it will precipitate a rash of similar moves from the local ruling parties.

In all five of these non-Russian republics, the ruling party is facing a dramatic erosion of its position by nationalist movements, and faces humiliating defeat in the forthcoming local elections if it does not itself jump on the nationalist bandwagon. Mr Brazauskas virtually admitted as much yesterday, when he called on

the other political parties - at least four more will contend elections in February, apart from Sajudis, the nationalist umbrella movement - to form a united front, and ultimately a coalition government.

Only two weeks ago the Lithuanian Parliament effectively cancelled the monopoly position of the Communist party.

"Brazauskas is the last chance for Lithuanian Communists," Mr Alvidas Juozaitis, a leading member of Sajudis, said last night. "It was a very good speech, but it had nothing to do with communism. Even the name is practically dead. They are reburying this dead body from a Soviet grave to a national grave. It won't help."

German reunification raises the question of democracy

By Michael Mertens and Norbert J. Prill

THE German question is still waiting for a definite answer. The opening of the inner-German border and the Berlin Wall has not solved the problem. A durable solution can only be found through an act of free self-determination. That is what the East Germans are demanding - and of course freedom of democracy and respect for human rights. Free elections in the GDR planned for May 6 1990 will be a first step in that direction.

If the German question had already been solved, why should the four victor powers of the Second World War still be present in Berlin and continue to exercise their rights and responsibilities in respect of Germany as a whole and Berlin? On the surface, this looks very much like an anachronism. Many Germans are beginning to feel annoyed by this restriction of their sovereignty.

Of course, the four-power presence in Berlin also serves to underline how the German question is still open; and this being so, the Germans can keep alive their claim to self-determination with a view to reunification. A restriction of sovereignty, de facto rather than de jure, is a price worth paying for such an advantage. But it is becoming harder to explain to German people why this is not a contradiction.

Poland, Hungary and Czechoslovakia without communism in charge remain countries in their own right. What, however, will happen to a truly German Democratic Republic without a Communist leadership? The West has at last begun to grapple with the root of this question.

European pioneers have been proved right. Integration of the Federal Republic into the West has long passed the point of no return. Despite occasional complaints, the West Germans know very well that overall their freedom, prosperity and jobs are tied up with its membership of the European Community and the Atlantic Alliance.

Some people abroad may wonder whether support for Western integration would also hold good for a united Germany. They should be asked a counter-question: do they really believe that hundreds of thousands of demonstrators in Leipzig, Dresden and other cities would want a united Germany to turn its back on the West? Of course not! They want to participate in the blessings of West European integration.

Lafontaine lays claim to top role in SPD

By David Goodhart in West Berlin

MR Oskar Lafontaine, one of West Germany's most talented but unpredictable politicians, yesterday laid strong claim to lead the Social Democrats into next year's national election with a powerful address to the SPD party congress in Berlin.

His 70-minute oration inspired many delegates to believe that the party could put its current difficulties behind it.

The 46-year old Saarland Premier, who inherited his French name from a soldier in Napoleon's army, recently appeared to have lost ground in the contest for the party leadership. This was a result of a typically impulsive intervention in the debate over reunification when he suggested that East Germans should not unconditionally be allowed to emigrate to West Germany and thereby undermine both their own economy and the West German social security system.

Although Mr Lafontaine made it clear yesterday he remains less interested in state unity than many party colleagues, his wide-ranging discourse on modernising the case for democratic socialism, laced with attacks on Chancellor Helmut Kohl and his centre-right coalition, won him a two-minute standing ovation from the 400 delegates.

By contrast his main rival for party leadership, Mr Hans-

Jochen Vogel, the current chairman, received only perfunctory applause after his address on Monday.

Speaking with only occasional reference to notes, he accused Mr Kohl of bad faith in suggesting that full German unity could be achieved without dissolution of Nato and the Warsaw Pact.

Although he did not rule out a form of unity, he said there was no reason why it had to involve state unity and said that freedom and social justice for people in both Germanys was more important than abstract national models.

He also questioned a policy which endangered the East German economy by encouraging the young to leave and at the same time exacerbated unemployment and housing shortages in West Germany.

Those who welcome young East Germans as a means of resolving West Germany's future pension problem "speak of Germany but have only West Germany in mind," he said.

The SPD, which a year ago had a commanding lead in opinion polls, scored only 37 per cent in the last poll, compared with 41 per cent for the CDU/CSU. The party has been eclipsed by the Government's ability to steer the debate over German unity and by its own disunity on the subject.

France sets tighter money supply targets

By George Graham in Paris

THE Bank of France has set tighter money supply targets for next year in a bid to rein in growing credit demand and keep France's inflation rate under downwards pressure.

Mr Jacques Delors, the Governor of the Bank of France, said yesterday that the decision to raise money market intervention rates by half a percentage point on Monday had been designed to send an early signal to the economy.

With the same aim, Mr Delors said that the Bank of France would tighten its goal for the growth of M2, the narrow measure of money which is the only one officially targeted in France, to a range of 3.5 to 5.5 per cent in 1990.

Some economists have questioned the usefulness of targeting monetary aggregates now France is committed to a policy of fixed exchange rates within the European Monetary System (EMS). Mr Delors said that the twin indicators of the exchange rate and the money supply gave similar signals, and both were useful tools towards the objective of monetary stability.

So far this year, M2 has grown by 5.2 per cent, within the target band of 4 to 6 per cent, but the broader M3 and L monetary aggregates have grown much faster.

Swedish labour model 'could benefit' EC

By Michael Prowse in London

THE European Community should adopt Swedish labour market policies if it wishes to reduce unemployment significantly below the current total of 18m people, says a survey of the World Institute for Development Economic Research (Wider) says the EC should reject the "benefit principle" of passively handing benefits to the unemployed and instead adopt Sweden's "employment principle", which involves "active measures to maintain the working potential of those who lose their jobs."

The report, a wide-ranging analysis of world economic problems by seven leading academic economists, also urges radical policy changes in the US. It says the Bush Administration should take steps to raise low national savings - the root cause of the yawning current account deficit - and consider introducing a value added tax as a means of reducing the budget deficit. The dollar should be allowed to depreciate by a further 25 per cent in real terms over the next four years.

Such a package of measures would substantially reduce the US's dependence on capital inflows and cause world interest rates to fall. Japanese and West German surpluses - which are expected to remain high - could then be

recycled to poor developing countries. At the same time, policy on Third World debt should move beyond the present emphasis on debt-reduction.

Debtors countries should be allowed to repay interest in local currency, which could then be used to finance investment in local economies.

The report notes that EC unemployment is still 10 per cent - only one percentage point below its peak - despite a substantial economic recovery. The unemployment rate is unusually high not because more people become jobless than elsewhere but because the duration of unemployment is typically longer.

Nearly half the EC's unemployed have been jobless for more than a year, compared with just 8 per cent in Sweden, where the overall unemployment rate is under 1.5 per cent.

The lesson from Sweden is that the EC should spend more on positive labour market policies to find productive employment for the jobless.

In particular greater emphasis should be placed on high quality training, counselling and placement services bolstered, where necessary, by recruitment subsidies and job creation schemes.

World Imbalances, Wider, Annankatu 42 C, 00100 Helsinki, Finland.

put into a broader framework where West Germany's *Ostpolitik* and *Europapolitik* have been shown to be parts of a consistent strategy.

One of Mr Kohl's key sentences was: "The future architecture of Germany must fit into the future architecture of the whole of Europe." That emphasises the Federal Republic's active role in the Helsinki process, as well as the undiminished German commitment to intensifying Western European integration. But the Chancellor also made clear that, in order to solve their national question, the Germans unequivocally need the solidarity of their friends.

Of course, there are reservations abroad over whether German unity would be a good thing for Germany's neighbours. The right answer to such objections was already found in the 1950s - at a time when doubts on whether the Germans had drawn the necessary lessons from the past were still understandable.

In the Bonn Convention (*Deutschlandvertrag*) of 1952, the US, Britain and France committed themselves to support the aim of reunification. There are two conditions: that a united Germany must have a free-democratic constitution, on the lines of the Federal Republic; and that it must be integrated within the European community.

A free-democratic constitution is precisely the most important aim for which hundreds of thousands of East Germans have been demonstrating. Some people in the West think that introducing freedom into the eastern half of Europe is a source of instability. But the opposite is true: instability stems not from those who demand freedom, but from those who withhold it.

As to the second condition, integration means giving up parts of national sovereignty, in order to exercise it along with others. Konrad Adenauer knew that only in this way would German unity be acceptable to our neighbours. Additionally, he saw that only a united and successful Western Europe would exert sufficient gravitational force to attract the central (and dictated to) East European populations. Adenauer and his fellow

Everyone knows that the Soviet Union holds the key to the answer to the German question - in a legal and factual sense. In the final analysis it is conceivable that the Soviet Union will eventually recognise the usefulness of some form of united Germany, firmly embedded in the community of European nations.

It is true that German unity will only become acceptable to the Soviet Union to the extent that the antagonism between East and West disappears. Nato and the Warsaw Pact will have to develop in Chancellor Kohl's words, "comprehensive security structures" that take into account the legitimate security interests of all parties concerned.

The Soviet Union seems to have begun to think intensively about all these intricate questions. Additionally, the proposals of Mr James Baker, the US Secretary of State, on a new more political role for Nato have been a very constructive response.

German unity will prove a bonus for the whole of Europe, from the human, cultural, economic and political points of view. This is not a zero sum game; everyone will win. It would be ill-advised to let the chance go by.

The authors are advisers to Chancellor Helmut Kohl in the Bonn Chancellor's Office. They express their views here in a personal capacity.

Brilliant new 200SX, Ferrari looks, Porsche pace

Autocar & Motor



To capture the sheer brilliance of the new 200SX, the experts felt compelled to compare it with other classic sports cars. But they didn't go far enough.

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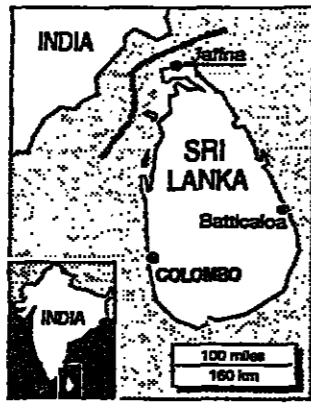


OVERSEAS NEWS

Tamil separatists deploy advanced Swedish gun

By Mervyn de Silva in Colombo and Robert Taylor in Stockholm

RIVAL Tamil separatist rebels are reported to be using the Swedish Carl Gustav 81 mm recoilless anti-tank gun in the battle for Batticaloa, the Eastern Province capital, and western diplomats predict that another Indo-Swedish arms row, this time over end-user conditions, may be about to erupt.



Mr Sven Hardman, Sweden's chief war materials inspector, yesterday said that he did not believe that an infringement had occurred of the conditions covering the relevant arms agreement between India and Sweden which was signed 13 years ago.

Under its provisions covering the licensing of the manufacture of the gun and its ammunition in India it is made clear that the weapon cannot be sold to any other country. Mr Hardman pointed out that the Indian forces in Sri Lanka were entitled to use the anti-tank gun under the agreement.

The fact that the weapon might have been provided by Indian forces to Tamil groups in Sri Lanka did not violate the 1976 agreement between the Swedish arms manufacturer FFV and the Indian and Swedish governments.

The British military attaché in Colombo could neither confirm nor deny that many diplomats were aware that the FFV gun was being used to blow up police stations in the predominantly Sinhalese and Moslem areas of the Eastern Province, killing 41 Moslem police reservists and several Sinhalese policemen. Thousands of Sinhalese and Moslem villagers fled their homes in the face of the TNA attacks.

The "Carl Gustav" has found its way into the hands of at least two other Tamil groups, the pro-Indian EPRLF and the powerful Tamil Tigers (LTTE). Sri Lanka police suspect that the Tigers may have seized a few Carl Gustav guns from the TNA but a Tigers spokesman said two were captured from the Indian peace-keeping forces long ago. "But we have no shells," he said. He claimed the weapon had been given to the

lic sector debt, under an agreement signed with commercial banks in September.

The Japanese Export Bank of Japan and the US Economic Support Fund are also expected to help fund the programme, which was finalised on November 29 and involves the purchase, at 50 cents in the dollar, of loans incurred by the Government and state bodies. The country needs to raise about \$656m for the programme.

Meanwhile, the ADB soft loans include a \$180m facility to support the construction of geothermal and other power plants, a water sector loan worth \$130m, and a \$32m upland communities loan.

Philippines granted loans and release of IMF funds

By Greg Hutchinson

THE International Monetary Fund is expected to release \$294m early next year to help finance the Philippines' debt buy-back programme, senior Finance Department officials said.

The news coincides with an announcement that the Philippines and the Asian Development Bank (ADB) have signed three loan agreements worth \$322m to finance government power, water supply and environmental management projects.

The IMF funds represent the second, third and fourth tranches of the \$220m extended fund facility and is meant to partially meet the repurchase of \$1.312bn of outstanding pub-

Launch of Iraqi space rocket fuels fears in Israel

Hugh Carnegie and Victor Mallet assess the dangers of missile proliferation in the Middle East

THE SURPRISE launch of an Iraqi space rocket this month has fuelled fears that the world is entering a new era of missile proliferation in the Third World.

Governments trying to restrict the spread of missile technology are anxious not to let the warmer relationship between Moscow and the West or the turmoil in eastern Europe overshadow the risks posed by missiles and chemical or nuclear warheads in developing nations.

Unlike the superpowers, unstable Third World countries and their dictators are regarded as difficult to engage in negotiations. Some might be unimpressed by the threat of mutually assured destruction.

Iraq may have a long way to go when it comes to developing a nuclear device, but President Saddam Hussein showed no compunction about the use of chemical weapons against Iranian forces and their Iraqi Kurdish allies during the Gulf war. Iraq's ambitions for unequivocal leadership of the Arab world, its growing military power and the government's hatred of Israel and Syria as well as Iran consti-

tute a particularly serious long-term threat to Middle East peace. It was therefore with alarm that the world learned of Iraq's launch of the Al-Abed (The Worshipper) rocket on December 5. Space rocket and long-range missile technology are essentially the same. "If you configured this as a missile it could go 2,000 miles at least," says Mr Gary Milhollin, director of the Wisconsin project on nuclear arms control in Washington. Such a range would put Moscow and Western Europe within reach.

Experts examining Iraqi television pictures and Western intelligence data believe the rocket was liquid-fuelled and may have attempted to put something into orbit. Perhaps it was boosted with adapted Scud missiles.

Whatever the details, Western governments were once again taken by surprise by Iraq's technological prowess. At the same time Iraq said it had built a separate 2,000km military missile called the Tammuz-1, which may have been a reference to the untested, solid-fuel Condor-2 being developed with Argentina and Egypt.

While the Gulf states nervously adopted Iraq's achievement as an "Arab rocket", Israel was facing

another problem. It believes that neighbouring Syria is trying to acquire the Chinese M9 missile, with a range of 600km and an accuracy far in excess of Syria's existing arsenal.

Following its sale of CSS-2 "East Wind" missiles to Saudi Arabia last year, Peking has indicated to Washington, most recently during a visit to China by Mr Brent Scowcroft, President Bush's National Security Adviser, that it will not sell any more sensitive missiles to the Middle East. Most Israelis are not convinced, although some analysts think the Chinese may be using the issue as a diplomatic bargaining tool to repair relations with the US after the suppression of the Chinese pro-democracy movement in June. The addition of the M9 to Syria's missile stockpile would be another reason for the Israelis to doubt the value of Moscow's restraining arm on its traditional Middle East ally.

China's eagerness to earn foreign exchange by exporting arms to the Middle East is perceived in the West as a potential danger to regional stability; yesterday President Yang

Shangkun was in Egypt on the first stage of an 11-day tour which will take him to the United Arab Emirates, Kuwait and Oman.

Israel also works on a worst-case assumption about Iraq. Baghdad's emerging new generation of missiles is regarded as an increased threat from a potential belligerent. The concern is that such weapons are home-made - and therefore without the political strings attached by a foreign supplier - and will have a reach and accuracy not previously achieved.

Hence Israel's anxiety about financial and technical assistance from Western governments, companies and individuals for Iraqi weapons programmes.

At a conference on Middle East arms control, or rather the lack of it, at Tel Aviv University last week, Dr Ariel Levite of the Jaffee Centre for Strategic Studies argued that Iraq's present preoccupations were with Iran and its own domestic problems. He said Iraq was not interested in upsetting Israel, which it feared, and Israel should take care not to inflame the situation. But the majority feeling was more alarmist. Israeli officials and analysts repeatedly cite the use of missiles and chemical weapons by Iraq in the Gulf war as a chilling threat to Israel. Israeli defence officials say that by the end of the war last year, the decision to deploy and use chemical weapons was devolved to Iraqi divisional commanders.

Correction

Westland in India

A REPORT in yesterday's Financial Times regarding a fatal helicopter crash in Bombay - "Delhi stops flights by Westland" - was incorrect.

The helicopter which crashed near Pune, killing seven people on Friday was not a Westland-30 as reported, but was an Aerospatiale Dauphin 365N.

The decision to ground 20 Westland-30 helicopters was not taken by the Indian Government as reported, but was made by the aircraft operator Pawan Hans as a precaution following an incident on December 11 in which a Westland-30 made a heavy landing at Juhu Airport, Bombay. There were 15 passengers and two crew on board. One passenger sustained minor injuries.

There have been two previous incidents involving Westland-30 helicopters in India and not five as stated in the report.

Aquino set to take emergency powers

By Greg Hutchinson in Manila

PRESIDENT Corason Aquino is expected today to acquire emergency powers as a result of the coup attempt of December 1 to 7. The delay has been caused by the slowness of a politically supportive but cumbersome Congress in enacting legislation that balances effectiveness with the safeguarding of civil liberties.

The two houses last night passed a controversial final bill. The law allows the president to order the seizure of firearms, take over public utilities and related businesses, fix prices, regulate power supply, and confiscate hoarded food.

She has also said she will come down hard on broadcast and print media airing rebel propaganda. Since the coup was launched the government has closed down three private radio stations for broadcasts supporting army rebels.

Civil rights groups and the rightist opposition have criticised Aquino for attempting to muzzle liberties.



ZIMBABWE'S President Robert Mugabe talking with President Kaunda of Zambia, to his left, and one of his senior ministers and former rival, Mr Joshua Nkomo, at the opening of an important conference of the ruling Zanu-PF party in Harare yesterday.

Mr Mugabe has re-dedicated Zanu-PF to establishing a one-party Marxist-Leninist state, and in doing so, has made it quite clear who his ideological friends are, Julian Borger reports from Harare.

Welcoming foreign delegations to the congress, which will oversee the merger of Zanu with its principal political rival, Zapu, Mr Mugabe appeared to list the delegations in

order of preference of their political systems. In what is being interpreted as a gauntlet thrown down to those within the party who would prefer to water down its socialist agenda, North Korea came top of the list. Mr Mugabe now seems to be consciously aligning his party and his Government with what he sees as a last bastion of true socialism.

Hardline Marxist regimes such as China, Cuba, Angola, and Ethiopia were ranked far above the Soviet Union, Yugoslavia and Poland, who received far less effusive greetings.

The belief of the Zanu-PF leadership is that recent events in Eastern Europe are a temporary aberration which will soon be reversed.

Mandela increases contacts

By Patti Waldmeir in Johannesburg

MR NELSON Mandela, the jailed leader of the African National Congress (ANC), has held talks with black political leaders at his prison bungalow in the Cape, in preparation for eventual negotiations with Pretoria over the country's future.

Mr Mandela has consulted both internal black leaders and members of the Government with increasing frequency in recent weeks, as speculation mounts that his release from prison is imminent.

Yesterday the British ambassador, Sir Robin Benwick, raised the issue of Mr Mandela's release in a meeting with the South African Foreign Minister, Mr Pik Botha. Diplomats

said London continued to press for Mr Mandela's freedom, but denied newspaper reports that Mrs Thatcher had made a special plea for a release before Christmas.

Mr Mandela is widely expected to leave prison early in the New Year, although the gesture of a pre-Christmas release might appeal to the publicity-conscious Mr F. W. de Klerk, the South African President, who last week met the ANC leader for the first time.

In the five days since his meeting with Mr de Klerk, Mr Mandela has seen a leading black churchman - the Rev Frank Chikane of the South African Council of Churches -

and five members of the country's largest trade union federation, the Congress of South African Trade Unions (Cosatu).

The latter group, which held six hours of talks with the ANC leader yesterday, included Mr Cyril Ramaphosa, widely viewed as the most powerful figure in the internal opposition. After the meeting Mr Sydney Mufumedi, a member of the delegation, denied that Mr Mandela's recent meetings with ministers constituted negotiations.

He said the ANC leader's aim was to understand the plans of the ruling National Party, and to convey this information to his movement.

Israel's privatisation plans suffer setback

By Hugh Carnegie in Jerusalem

The Israeli Government's privatisation programme was thrown abruptly out of gear yesterday when the Knesset finance committee, which has a veto on sales of public companies, voted overwhelmingly against the Finance Ministry's plan to sell a controlling stake in Israel Chemicals Ltd (ICL) to a private investor.

The Finance Ministry has been in negotiation with 10 foreign concerns - ranging from international chemical companies to Mr Robert Maxwell, the British publisher - over its intended sale of a 50 per cent share in ICL, widely regarded as the most saleable government company and reckoned to have a total value of \$800m.

Senior officials were furious that their intention to complete the placement by April next year had effectively been overturned. The sale was to have marked the most significant step yet in the so far slow-moving privatisation process, opening the way for the sale of other big state companies such as the airline El Al, the state oil refineries and the telecommunications and electricity utilities.

The Knesset finance committee, which has to approve all privatisation issues, voted by 22-4 against the ministry's approach, ruling that the state should not relinquish control of ICL - it specifically rejected a "golden share" as inadequate - because of its role as exploiter of Israel's chief natural resource, potash, and its importance to the economy as a whole. ICL last year reported pre-tax profits of \$74m on turnover of \$1,080m and employs 6,000 people.

The committee's stance was bolstered by statements by Mr Ariel Sharon, the Industry Minister, and Prof Michael Bruno, the Governor of the Bank of Israel. Mr Sharon, backing away from his previous support, said this week the issue should be reconsidered, and Mr Bruno also came out against passing control of ICL to a foreign investor.

Finance Ministry officials said the decision had shattered the credibility of the Government in the eyes of investors and that the government's disposal of the Fax oil distribution company and JEC, a property company,

Jordan advances reform by lifting martial law

By Lamia Andoni in Amman

IN ITS most dramatic break with the past, the new Jordanian Government of Mr Mudar Badran announced yesterday that it will lift martial law, which has been in force for more than 23 years.

Although the restrictions imposed after the 1977 Arab-Israeli war - were infrequently invoked, their existence curtailed the authority of the judiciary and opened the door for civil rights abuses by the security forces.

Mr Badran, who made the announcement when outlining his political programme before Parliament, said martial law was frozen pending a complete abolition of all laws and regulations associated with it. The move was hailed here as a revival of the liberal Constitution adopted in 1953.

The Government had already taken a series of liberalising

measures, effectively suspending the functions of martial law in the most vital areas of Jordanian life. It has also reversed government control of the press implemented under Mr Zaid Rifai, the previous Prime Minister, and restored full powers to the Supreme Court.

More importantly, the authorities have decided to return seized passports, and to lift the ban on travel and work which had been imposed on many political activists and government critics.

Mr Badran, who served as Prime Minister twice between 1978 and 1984, has also moved to win the support of the Islamic fundamentalists, who hold the largest bloc of seats in Parliament by proposing the amendment of laws stipulating that preachers in mosques appointed by the Government.

Swapo casts around for credible economic policy

Patti Waldmeir analyses whether Namibia can avoid post-independence mistakes of the rest of Africa

THE South West Africa People's Organisation (Swapo), the winner of last month's pre-independence elections in Namibia, declared in its election manifesto: "Swapo does not conceal its belief in the moral superiority of socialism over capitalism."

But now is scarcely the moment in history to be proclaiming the virtues of socialism - especially in Africa, where socialist policies have signally failed to create "morally superior" societies, leaving a legacy of economic decline which is scarcely an inspiration for Namibia.

So Swapo has toned down the Marxist rhetoric of its first 20 years as a liberation movement, and prefers now to preach the merits of "social responsibility" rather than "socialism".

Speaking at his first press conference after Swapo gained a majority in the 72-member constituent assembly last month, Mr Sam Nujoma, the Swapo leader, committed his party firmly to a "mixed economy" and said he welcomed foreign investment in Namibia. Swapo officials say they wish to avoid the economic mistakes of other post-colonial African countries: the large-scale nationalisation of assets is offered as an example. Top officials spent many years in

exile in Angola, Zambia and Tanzania - where socialism was tried, and failed - giving them first-hand experience of the system's shortcomings.

But neither are they persuaded of the virtues of capitalism. "The failures are there, whether they (African countries) opted for socialism or capitalism; there is as much corruption in (capitalist) Ivory Coast and Malawi as in (Marxist) Ethiopia," says Mr Theben Gurirab, Swapo's secretary for foreign affairs.

Mr Gurirab says Namibia must establish a system suited to its own needs; but it is far from clear yet what kind of a system that would be. Swapo officials say they are still studying various aspects of the Namibian economy, and will announce detailed policies later.

This evidence of flexibility is welcomed by local businessmen. They are pleased that Swapo has said it will join the International Monetary Fund (IMF) - which sent a delegation to Windhoek just before the elections - and welcome the fact that Swapo officials are looking at the newly industrialised countries of the Far East as models. A Swapo delegation recently visited Malaysia to study its investment code.

Swapo officials stress their

desire to co-operate with the business community in Namibia, which is dominated by Consolidated Diamond Mines, a De Beers subsidiary, and Rossing Uranium, controlled by RTZ. Senior members of the Swapo executive have already held talks with both companies.

But those who believe that Swapo's commitment to socialism remains intact despite recent rhetorical amendments need look no further than the party's election manifesto.

The manifesto speaks of bringing about a "change in ownership patterns" to redress a legacy of "denial, exclusion and exploitation". It says the state must own "a

significant part of the country's economic resources" and promises land redistribution to correct the effects of the colonial policy of racially-based land allocation.

But the manifesto also foresees no large-scale nationalisation of mines or farms, and speaks of establishing a balance between "just economic returns for the Namibian people and reasonable profits for...investors".

Swapo is known to be considering increasing taxes paid by the mining houses.

But taxes of one form and another already absorb 70 per cent of CDM's profits; and Mr Andreas Guibee, a member of Swapo's five-man economics team, says: "You can't raise taxes while also expecting mining companies to shoulder their social responsibilities in terms of employment creation."

Mr Guibee says the need to create jobs for Namibia's estimated 1.5m population - more than 40 per cent of the labour force is currently unemployed - is also behind Swapo's policy of land redistribution.

Mr Gurirab puts the point more forcefully: "The struggle was not just about freedom; it was about land and wealth. Ninety per cent of Namibia's people live on just 15 per cent of the land. Whites recognise

that that is unjust." However, the experience of Zimbabwe, which has resettled only a fraction of families identified for resettlement at independence 10 years ago, has proved a sobering one for Swapo.

Even if Swapo could persuade donors to provide aid funds for land redistribution - which is far from certain - the sums involved would be enormous. Mr Gurirab says Swapo is not rushing into a land reform programme; but eventually it hopes to buy out absentee landlords, and some of those with more than one farm.

Eventually, too, it aims to reduce dependence on South Africa: at present some 90 per cent of Namibian imports come from, or through, South Africa. But with Namibia's only trading port, Walvis Bay, controlled by South Africa, such dependence must continue well into the future.

Namibia is also likely to remain a member of the Southern African Customs Union - which this year contributed R450m (£109m) to government revenues - though Swapo will try to renegotiate the terms of its participation.

But donors may wish to keep a close eye on how aid funds are spent, given Swapo's past record: for years, the United Nations paid Swapo to support 80,000 refugees of the war with South Africa; but when peace was declared only half that number returned to Namibia, and Swapo has failed to explain the discrepancy.

And aid funds alone cannot guarantee the 5 per cent economic growth which Namibia will need to keep pace with its 3 per cent population growth rate. That can only be assured if Swapo can avoid the policy mistakes of the rest of the continent. With three decades of African disaster stories to learn from, that ought not to be impossible.

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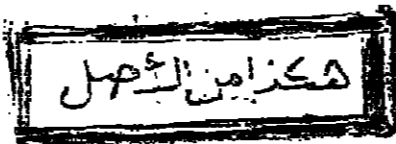
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(the "Bonds")

Further to the notice dated 7th December, 1989, the notice is hereby given that as a result of the issue of 50,000,000 shares of common stock of the Bank by way of public offering in Japan for payment on 15th December, 1989, the following adjustment of the Conversion Price of the Bonds has been made pursuant to Clause 7 (H) (v) of the Trust Deed dated 30th September, 1986 relating to the Bonds:

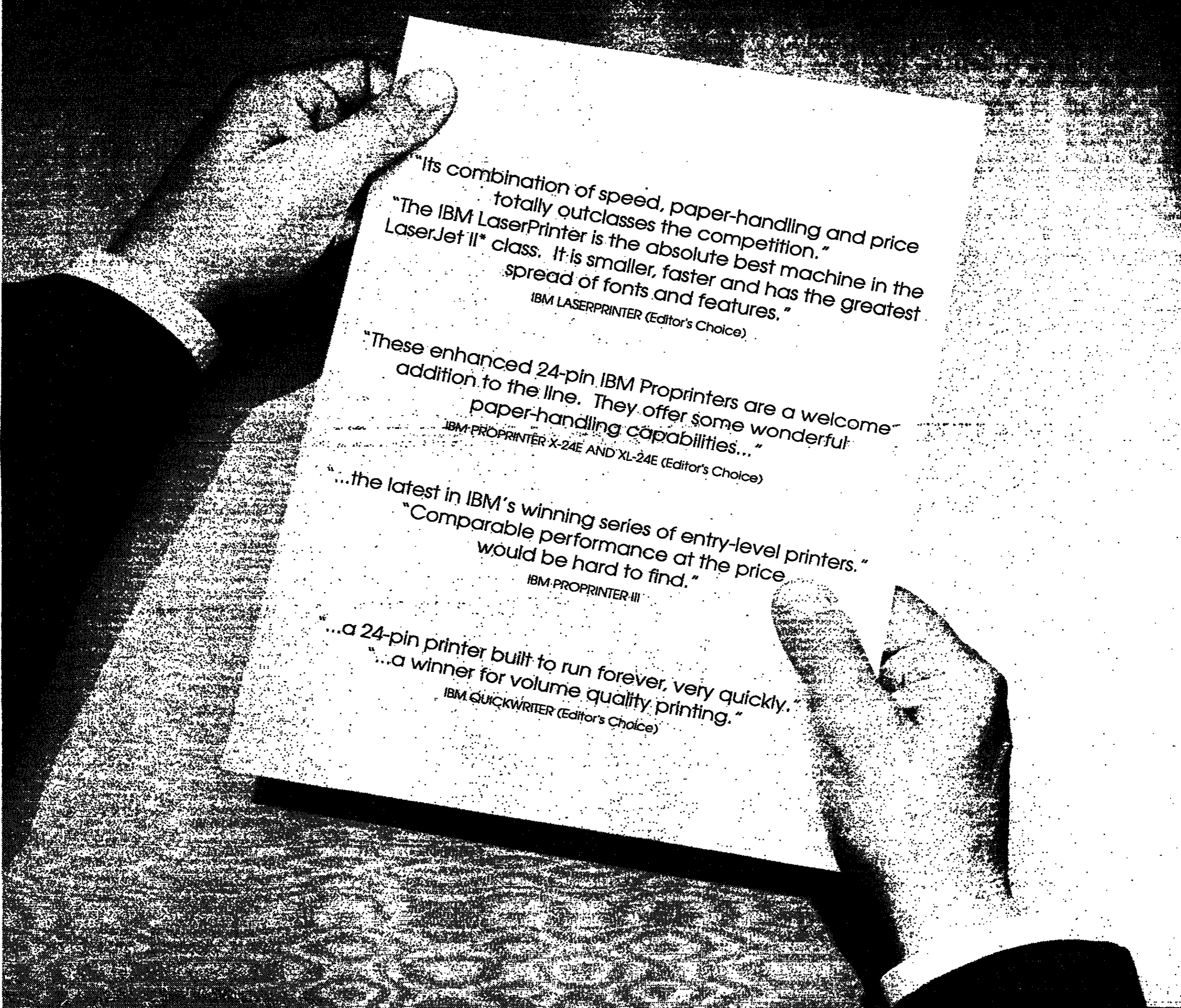
- (1) Conversion price before adjustment: Yen 885.10 per share
- (2) Conversion price after adjustment: Yen 883.70 per share
- (3) Effective Date of the adjustment (Tokyo time): 16th December, 1989

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What you see here are reviews, from PC Magazine, of the latest members of the IBM Personal Printer range. (True, these are but snippets of the full text: modesty restrains us from reproducing them in their entirety).

The reviewers were careful to note a number of things. They noted the price/performance of the

IBM printers. They noted the connectivity and quality of construction which are features of every printer we produce.

It may be worthwhile, however, to draw attention to something which they did not have time to experience. Reliability. The capacity to keep on producing impeccable results day after day, month

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If you would like to know the full story on IBM Personal Printers (or indeed, if you would like to read the full text of the reviews quoted above), please phone Peter Phelps at the IBM National Enquiry Centre on 0800 181182. **"I think, therefore IBM."**



*Trademark of Hewlett-Packard.

AMERICAN NEWS

Consumer prices rise 0.4% despite static inflation

By Anthony Harris in Washington
US CONSUMER PRICES rose 0.4 per cent in November, leaving the inflation rate for the year unchanged at 4.6 per cent.

Bush signs budget cutting \$14.8bn from US deficit

By Peter Riddell, US Editor, in Washington
PRESIDENT George Bush yesterday signed the Budget legislation for the current fiscal year which cuts the Federal deficit by \$14.8bn to within the statutory target.

Security tightened on courts

US COURTS tightened security and the FBI warned black rights groups about possible attacks by white extremists in the second mall-bombing in three days in America's Deep South, Reuters reports from Atlanta.

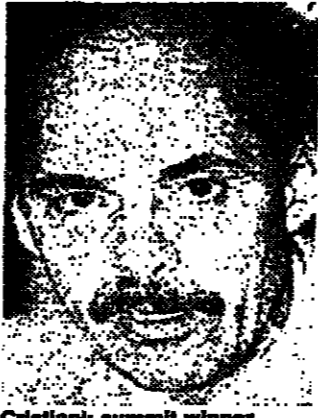
US and Panamanian troops put on alert following shootings

TROOPS of the US Southern Command in Panama and of the Panamanian Defence Forces (PDF) have been placed on full alert after separate incidents in the past four days in which a US army officer was shot and killed and a Panamanian traffic policeman was injured, writes Tim Coone.

Central America takes a gamble

Tim Coone on the summit concessions made by the region's leaders

IF there was a winner in the recent Central American presidential summit, it was undoubtedly President Alfredo Cristiani of El Salvador.



Cristiani: summit winner

strong Contra army in Honduras, before next February's general elections. In principle, the agreements reached at this latest summit can achieve that.

Mexican debt deal likely to be delayed

By Stephen Fidler, Euromarkets Correspondent
SIGNING of Mexico's new debt package by the country's commercial bank creditors appears likely to be delayed at least until late January as the deal continues to be beset by complications.

Poll gives Sandinistas lead in Nicaragua

By Tim Coone in Managua

THE latest independent opinion poll in Nicaragua on voting intentions for next February's general elections, gives the ruling Sandinistas a 17-point lead over the US-backed opposition alliance UNO.



Grenada's premier dies, aged 71

By Canute James in Kingston
MR Herbert Blaize, Prime Minister of Grenada, died yesterday, three months before he would have contested a general election that he was expected to lose.

WORLD TRADE NEWS

EC bid to wrest back initiative in farm talks

By Tim Dickson in Brussels
MR GUY Legras, the European Community's top farm policy civil servant, will this morning attempt to wrest back the initiative by agriculture in the international trade talks known as the Uruguay Round.

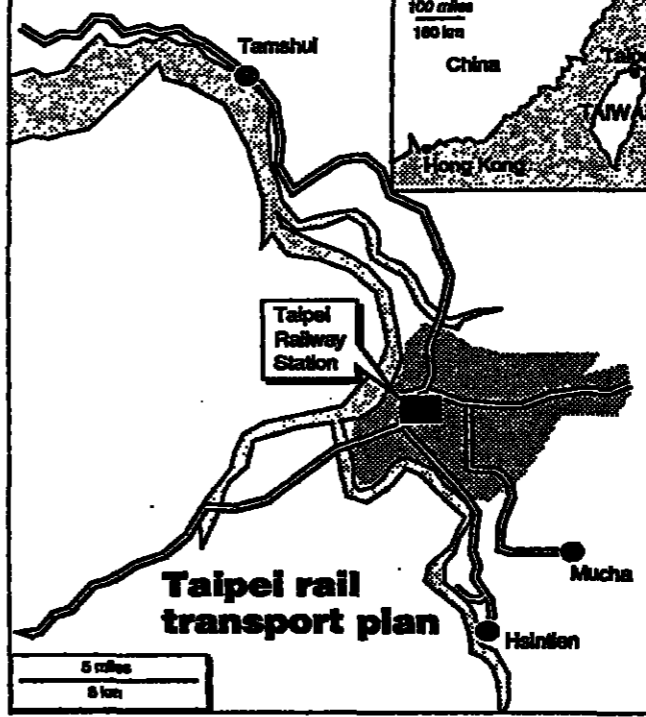
Japanese respond to Miti advice on imports

By Stefan Wagstyl in Tokyo
THREE of Japan's largest electronics companies have announced plans to boost imports in a bid to alleviate foreign criticism of the country's trade surplus.

Europe groups fight to win Taipei rail orders

Companies fear the US will be given preferential treatment, John Elliott writes

EUROPEAN companies have launched a concerted campaign to stop the US being given preferential treatment by Taiwan for railway equipment contracts on an 86km, NT\$400bn rapid transit system being built Taipei during the next 10 years.



Japan as well as the US through a joint venture called United Rail Corp of the US which includes branches of Kawasaki Rolling Stock and Nippon Iwai. Four sets of railcars are to be made in Taiwan to assist technology transfer.

contract expected to be worth NT\$1.5-NT\$2bn on the first stage. Other bidders are Hitachi of West Germany, Montcocol of France and Travaux du Sud Ouest, also of France.

Mitsubishi to spread EC investments

By James Buxton, Scottish Correspondent
THE decision of Mitsubishi Electric, the Japanese electronic and engineering company, to locate a semiconductor manufacturing plant in West Germany as opposed to other locations is due to the company's desire to spread its major investments in the EC.

Community agrees to talk to Gulf states on trade

THE European Community yesterday agreed a mandate for negotiations with Arab states in the Gulf to supplement a preliminary trade and co-operation pact signed last year, Reuters reports from Brussels.

New Issue
December 1989

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| BANK BRUSSEL LAMBERT N.V. | BAYERISCHE LANDESBANK GIROZENTRALE | BHF-BANK |
| COMMERZBANK AKTIENGESELLSCHAFT | DEUTSCHE BANK AKTIENGESELLSCHAFT | DEUTSCHE GIROZENTRALE -DEUTSCHE KOMMUNALBANK- |
| DG BANK DEUTSCHE GENOSSENSCHAFTSBANK | DRESDNER BANK AKTIENGESELLSCHAFT | ROBERT FLEMING & CO., LIMITED |
| MORGAN STANLEY GMBH | SCHWEIZERISCHE BANKGESELLSCHAFT (DEUTSCHLAND) AG | SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG INVESTMENT BANKING |
| SOEETE GENERALE - ELSÄSSISCHE BANK | TRINKAUS & BURKHARDT KOMMANDITGESELLSCHAFT AUF AKTIEN | S.G. WARBURG SECURITIES |

New Issue
December 1989

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DM 300,000,000
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with Bearer Warrants attached

The Bonds are guaranteed by
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WESTDEUTSCHE LANDESBANK
GIROZENTRALE

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| SUMITOMO BANK (DEUTSCHLAND) GMBH | TOKAI INTERNATIONAL LIMITED | KOKUSAI EUROPE LIMITED |
| BANCA DEL GOTTARDO | BANK BRUSSEL LAMBERT N.V. | BARING BROTHERS & CO., LIMITED |
| BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT | BHF-BANK | COMMERZBANK AKTIENGESELLSCHAFT |
| CSFB-EFFECTENBANK AKTIENGESELLSCHAFT | DEUTSCHE BANK AKTIENGESELLSCHAFT | DRESDNER BANK AKTIENGESELLSCHAFT |
| FUJI BANK (DEUTSCHLAND) AKTIENGESELLSCHAFT | LEU SECURITIES LIMITED | MARUMAN SECURITIES (EUROPE) LIMITED |
| MEIKO EUROPE LIMITED | MITSUBISHI BANK (DEUTSCHLAND) GMBH | MITSUI TRUST INTERNATIONAL LIMITED |
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Tokyo, Japan

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with Bearer Warrants attached

The Bonds are guaranteed by
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WESTDEUTSCHE LANDESBANK
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THE NIKKO SECURITIES CO.,
(DEUTSCHLAND) GMBH

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| BANCA DEL GOTTARDO | BANKERS TRUST GMBH | BANK OF TOKYO (DEUTSCHLAND) AKTIENGESELLSCHAFT |
| BANK OF YOKOHAMA (EUROPE) S.A. | BANQUE NATIONALE DE PARIS S.A. & CO. (DEUTSCHLAND) OHG | BANQUE PARIBAS CAPITAL MARKETS GMBH |
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UK NEWS

COLLAPSE OF BARLOW CLOWES

Responsibility clouded by rotation of DTI officials

By Richard Waters

WHILE apportioning blame for the Barlow Clowes collapse, the Ombudsman's report - like that of Sir Godfrey Le Quesne before it - does not name those at the DTI who were responsible for handling the case.

These are understood to have included Mr Roger Louth, the grade seven principal who directly oversaw the licensing unit; Mr Brian Hilton, who as under-secretary in charge of the Financial Services Division was ultimately responsible for the Department's licensing function under the Prevention of Fraud (Investments) Act; and Mr Colin Lowry, an assistant secretary in division.

It remains impossible to assess the part played by each in the affair. These officials would not have been involved throughout the period 1983-88, when the DTI considered and finally licensed Barlow Clowes, and would certainly not have been involved in the initial contact with the investment group in the mid-1970s: the DTI's policy is to move officials roughly every three years.

meaning that none would have been involved in the case for longer than this. However, the three officials are believed to have been instrumental in most of the important decisions in the Clowes case.

The DTI's licensing operations began to creep noticeably as the 1980s progressed, according to an internal audit carried out in 1986. At that time, it was found to lack specialist or trained staff, and needed a "significant resource input" and closer relationships with consultants and the market.

Little was done, since the unit had only a year to run until its functions were taken over by other agencies as a result of the Financial Services Act.

The unit's weakness was founded on its reliance on generalist powers of investigation rather than the general powers available under the Companies Act. The fact that Barlow Clowes until 1985 operated as a partnership was just one of the difficulties experienced by the Department.

It also appears to have been severely understaffed: between 1980 and 1984 its activities expanded threefold, while its staff grew from four to seven (increased to nine in 1985). This has to be set against a 20 per cent overall reduction in staff numbers in the department over the period.

At its peak the licensing unit, under Mr Lowry, employed five executives and four clerks. An indication of the extent of the understaffing is provided by a comparison with the Stock Exchange's surveillance activities at the time. In 1985, the Exchange had 18 inspectors responsible for around 240 firms.

The licensing unit's nine staff were responsible for 700 firms and "a much larger number of representatives."

In addition, the DTI had no specific powers of investigation other than the general powers available under the Companies Act. The fact that Barlow Clowes until 1985 operated as a partnership was just one of the difficulties experienced by the Department.

Peter Clowes 'delighted' at the news

By Richard Donkin

MR PETER CLOWES was, according to his solicitor, "absolutely delighted" yesterday to hear that Barlow Clowes investors would be compensated.

"He has all along been very concerned, irrespective of what people have said about him, about the plight of the investors," said Mr Ian Burton, his

solicitor. Mr Clowes said to be away yesterday from his cottage in Whitley Green, Wiltshire, Cheshire, the home owned by his wife, Pamela. They moved there from their previous residence in Polington, one of the most exclusive villages in the north-west. It was at the Polington house that he was arrested by police as he went out to collect his morning

newspapers in June 1988.

He is still trying, through court action, to have the £1,000 a week he received until June this year restored after the payments were stopped by the joint liquidators. Mr Clowes, who faces charges of theft and of perverting the course of justice, is on £300,000 bail, having assigned £25m assets over to the liquidators.

Seasonal goodwill helps government

By Ralph Atkins

A SEASONAL burst of goodwill to all Barlow Clowes investors and of being nicer-than-normal to Mr Nicholas Ridley, Trade Secretary, broke out in the House of Commons yesterday.

MPs were unanimous in welcoming generous payouts. The air of sweetness was spoiled only by accusatory snowballs from the Labour opposition.

Mr Ridley made an unlikely Santa Claus. But Mr Stephen Day, Conservative MP for Cheadle and leading campaigner on behalf of investors, said that for them the announcement was "the most wonderful Christmas present that they have ever received."

The Government's soft ride was helped by timing. MPs received copies of the 170-page

report less than half an hour before Mr Ridley's statement. Mr Gordon Brown, Labour's trade spokesman, launched a condemnation of the "clear and unmistakable evidence" of five counts of maladministration.

He complained of "recklessness, gullibility and incompetence" by a Government which had ignored warnings of Barlow Clowes' instability.

British Rail's state subsidy cut in criticised new business plan

By Kevin Brown, Transport Correspondent

British Rail's subsidy is to be cut by 31 per cent to £245m (£552m) over the next three years, Mr Cecil Parkinson, the Transport Secretary, announced yesterday.

The cut follows a reduction in terms more than 50 per cent since 1983, and confirms that BR will continue to be the least subsidised railway in Europe.

Mr Parkinson said Network SouthEast, the BR sector which operates London commuter services, will lose all its £30m subsidy by 1992-93, and must make a profit from 1995.

In addition, the InterCity, Freight and Parcels sectors must increase their joint profits to £154m from £32m last year, and the loss-making Provincial passenger sector must cut its grant requirement to £40m to £20m.

Mr Parkinson told the Commons the cut in subsidy, known as the Public Service

Operating grant, would not lead to big fare increases. However, the announcement was immediately attacked by Labour and the rail unions.

Mr John Prescott, the shadow Transport spokesman, said Mr Parkinson was continuing the "disastrous penny-pinching approach" that the Government had adopted to BR since 1979.

"Passengers are fed up with paying the highest fares in Europe for a dirty, overcrowded, unreliable service," he said. "These latest cuts will mean higher fares and an even poorer quality of service."

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, said: "Another cut in the P30 means a major increase in fares, an increase in road traffic and congestion, and threatens essential safety measures like new signalling."

Mr Parkinson's plans for BR

were amplified in the corporation's business plan, published after his statement, which shows that investment will total £5bn over the next five years.

Sir Robert Reid, BR chairman, said the plan was "ambitious, but could be fulfilled. It believes that customers, in the next decade, will be able to enjoy a higher quality of service from a greatly improved railway system at a lower cost to the taxpayer," he said.

However, the plan assumes continuing real growth in the economy of around 2 per cent a year, and a substantial increase in demand for rail services - around 4 per cent a year on Network SouthEast.

Sir Robert said there were "many risks" in forecasting five years ahead, and warned that slower economic growth might mean the Government's objectives could not be met.

Conservationists lose City building case

By Raymond Hughes, Law Courts Correspondent

ARCHITECT Mr Peter Palumbo's controversial plan for the redevelopment of a site in the heart of the City of London conservation area has survived a challenge by conservationists.

A High Court judge yesterday rejected a plea by Save Britain's Heritage for a ruling that the decision of Mr Nicholas Ridley, when Environment Secretary, to approve the scheme was unlawful. Save is to consider an appeal.

The scheme involves the demolition of eight listed and other Victorian buildings at Number One Poultry, near Mansion House, the traditional home of the Lord Mayor, and their replacement by a modern block designed by Mr James Stirling - likened by the Prince of Wales to "a 1930s wireless".

Mr Justice Simon Brown said that, when reaching his unique decision, Mr Ridley had recognised that the development was a test case, involving a departure from policy.

The crucial question had been: should development for the very first time be permitted merely because the architectural merits of the proposed replacement building were better than those of the existing listed buildings?



The block Prince Charles likened to a 1930s wireless

The judge said that enormous controversy surrounded the scheme, but whether the Stirling design was "a masterpiece crying to be built, or a conservationist disaster" was not for him to say. His only concern was whether Mr Ridley's decision had been taken and expressed in accordance with the law.

Save had argued that it was unclear what test Mr Ridley had applied and what criteria he had adopted - whether he had regarded the Stirling design as merely a worthy addition to the City or as wholly outstanding and thus

quite exceptionally falling outside his stated policy. "Save are concerned above all that the Secretary of State's approach is not to be confined to this single historic case but is to be regarded as applicable generally up and down the country."

The judge said that everybody had recognised that the developers' case rested exclusively on the wholly exceptional merits of the Stirling design, and once Mr Ridley had rightly decided that the merits of a replacement building were a material consideration, the sole question had

Warships contract goes to Tyneside

By David White and Ian Hamilton Farley

SWAN HUNTER Shipbuilders, the Tyneside yard, has won its way back into the Government's warship construction programme by clinching a batch order for three Type 23 anti-submarine frigates.

The order is reckoned to be worth more than £300m (£450m). It was won against strong competition from Yarrow of Glasgow and Cammell Laird of Birkenhead, part of the VSEL group.

It is expected to sustain about 10,000 jobs over the next four or five years, including supply of weapons and equipment, and to secure the immediate future of Swan Hunter's 2,800-strong workforce.

Mr Peter Vaughan, a main director of Swan Hunter, which was privatised via a management buyout in early 1986, said it was "a vote of confidence" which the yard intended to use to regain its place in export markets and bid for other British warships.

Since privatisation the yard, trying to win back credibility, has cut its workforce by 1,700. All but one of the previous seven Type 23 orders went to Yarrow, a subsidiary of the General Electric Company. Mr Michael Neubert, junior defence procurement minister, announced the order in the Commons yesterday, said it was won "fairly and squarely on commercial terms."

Officials said that if the order had gone to Yarrow it would have effectively removed competing for the current generation of frigates. This was not a factor in the contract decision, they said.

The first Type 23, the Yarrow-built HMS Norfolk, was recently accepted into the Royal Navy after trials. Swan Hunter is building the second of the class, HMS Marlborough, its sole previous order.

UK hopes of slowing EMU raised

By Peter Norman, Economics Correspondent

THE GROUNDWORK for next year's intergovernmental conference on European economic and monetary union has been put in the hands of a high-level committee of finance ministry and central bank officials, raising British hopes of slowing the drive towards a single European currency and central bank.

The EC's monetary committee was charged with preparing the conference by economics and finance ministers in Brussels on Monday.

The committee comprises senior finance ministry and central bank officials from the member states some of whom are sceptical about the Delors proposals for moving towards a single European currency and central bank.

The committee is therefore expected to subject the ideas for economic and monetary union to rigorous scrutiny. The alternative would have been for the conference to be prepared by officials from member states' foreign ministries, many of which sympathise with the idea of a federal Europe.

The monetary committee meets without fanfare virtually every month. The EC summit in Strasbourg agreed earlier this month that the IGC should start before the end of 1990.

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It is presently intended that the Offer should take place no earlier than the week commencing 15th January 1990. Full details of the Offer, which may be made in respect of all or any of the Stocks, will be announced not less than 7 days before the date upon which it is to be made.

As at the date of this Notice the following principal amount outstanding of each Stock is:

| Stock | Principal amount outstanding Pounds Millions |
|-------------------------------|--|
| 13½ per cent. Loan Stock 2010 | 85 |
| 9½ per cent. Loan Stock 2012 | 76¼ |
| 11¾ per cent. Loan Stock 2015 | 71¼ |

The Commonwealth of Australia will refrain from any market activity in respect of the Stocks pending the completion of the Offer. The Commonwealth of Australia has confirmed that it does not intend to make any further Tender Offers for the Stocks (or any of them) in the foreseeable future.

A copy of this Notice is being sent to holders of record of Stock in registered form whose names appear on the relevant Stock register as at the close of business on 19th December 1989.

S.G. Warburg Securities on behalf of the Commonwealth of Australia

20th December, 1989

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Outhwaite faces writ over loss of £304m

By Patrick Cockburn

SOME 814 members of the Lloyd's of London insurance market yesterday started the largest single legal action ever brought by Lloyd's members over the loss of £304m by the troubled Lloyd's underwriter R.E.M. Outhwaite.

The members say the Outhwaite agency, and the 81 members' agents who introduced them to it, were negligent in issuing contracts to other Lloyd's syndicates in 1981 and 1982 making the members liable for heavy losses from asbestos and pollution claims in the US.

As these claims have escalated over the past three years the 1,614 Lloyd's members, or Names, who were members of Outhwaite syndicate 317/661 in 1982 have already had to pay £94m and are likely to face further heavy losses.

The list of members of the syndicate bringing the action includes many well known names such as Mr Edward Heath, the former Prime Minister, Mr Patrick Sheehy, chairman of BAT Industries, Mr John Ritblat, chairman British Land, Mr Robert Maxwell, chairman of the Mirror Group and Lord Weidenfeld, the publisher.

Membership of Lloyd's was especially popular among wealthy individuals in the late 1970s and early 1980s and they include Mr Tony Jacklin, the golfer, Miss Virginia Wade, the former Wimbledon tennis champion, as well as insurance professionals such as Mr Ray Pettitt, chairman of Minet, the insurance brokers.

Losses for individuals will vary depending on the size of their financial commitment but a member 317/661 in 1982 with a commitment of £30,000 will have made a loss of £130,000 so far. One family with four members on the syndicate has lost £300,000.

Mr Peter Nutting, chairman of the committee of Outhwaite Names, said yesterday that they had no alternative but to issue the writs alleging negligence and reckless underwriting. He accused Lloyd's and Mr Murray Lawrence, its chairman, of failing to arrange a settlement of the affair and adopting an attitude of "pay up or shut up".

Lloyd's itself says it is in the early stages of assessing the feasibility of providing a general insurance vehicle to meet the liabilities. Mr Lawrence wrote to the Outhwaite names in September asking them not to resort to litigation in order to give Mr Mark Littman, QC, the Lloyd's appointed conciliator, a chance to arbitrate. Mr Nutting said that the case brought by the Names was simply that Mr Richard Outhwaite was negligent in 1981 and 1982, when he agreed some 40 contracts with other Lloyd's syndicates under which his syndicate 317/661 assumed their liabilities in the US.

Mr Nutting said that Mr Outhwaite, a marine underwriter, had admitted not inquiring about the potential insurance losses from asbestos from a Lloyd's working party on the subject in 1981-82. He emphasised, however, that the centre of the case against Mr Outhwaite was that the so-called run-off contracts were all similar risks and if one went wrong then all would be similarly affected.

These losses so far total £304m, of which £131m is covered by reinsurance, leaving Names to pay £169m, some £94m of which has already been paid in cash by syndicate members. Another £76m is covered by a letter of credit until next summer but will then have to be paid by the names.

R.E.M. Outhwaite said yesterday: "We have read the writ, which although inconsistent in many ways with the Names' counsel's opinion, contains nothing unexpected." A spokesman added that they had a full defence against all allegations.

Warships contract goes to Tyneside
 UK hops of slowing EMU...

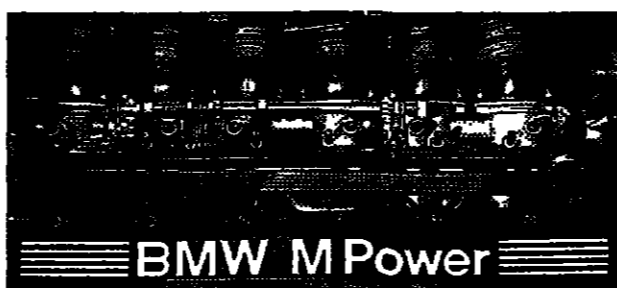


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UK NEWS

Pilot hours code to form basis of plan for Europe

By Paul Betts, Aerospace Correspondent

THE CIVIL Aviation Authority (CAA) introduced yesterday new rules to limit the duty hours of air crews following a series of disturbing reports of pilots falling asleep during flight because of fatigue.

The new regulations will come into effect in the UK at the end of next May in time for the next summer season. However, they will also form the basis of a broader European scheme to establish a common European standard on pilot flight hours by 1992, Mr Ronald Ashford, the CAA's director of safety regulations, said yesterday.

The UK has taken a lead on this issue because it has a far bigger commercial aircraft industry than other western European countries including a much bigger charter sector.

However, the new rules, which follow two years of intensive research, are expected to spark off a controversy with some pilots arguing for even tighter controls and some airlines claiming that they could further squeeze their financial performance.

Captain John Mimpres, of the CAA's flight operations

department, said crews were being worked harder because of the general shortage of pilots in the industry. Delays due to growing air traffic control problems were extending the duty hours of pilots. The introduction of modern two crew aircraft capable of flying long distances had also put further pressure on crews.

The CAA said some airlines were increasingly scheduling air crew duties very close to the authority's existing guidelines.

Unlike the previous voluntary guidelines, airlines will be forced to enforce the new rules. These include:

• A minimum of 7 instead of 6 days off in any four weeks.

• Duty hours limited to 95 in any one week, 95 in two weeks and 190 in any month. There were no fixed weekly or two-week limits before and the monthly limit was 200 hours.

• Not more than three consecutive night flights, with a compulsory extended rest period before the first flight.

• The minimum day of rest time increased to 34 hours for fixed wing aircraft and 36 hours for helicopters.

Critics ask how green will be Conservative valleys

John Hunt looks at charges of loopholes in a new environment bill as the party polishes its credentials

CRITICS of the Environment Protection Bill to be published today see it as a hotchpotch of measures hastily thrown together to prove the Government's green credentials now the environment has shot to the top of the political agenda.

The sceptics have a point. The legislation includes reorganisation - some say dismemberment - of the Nature Conservancy Council and tighter controls on litter, genetically manipulated organisms, radioactive materials and a ban on straw burning.

Environmentalists complain that this is a far cry from the fundamental reforms needed to control emissions of carbon dioxide and other gases that could cause global warming - the greenhouse effect.

Nevertheless the green bill as it has become known - does contain important provisions for stricter control of industrial pollution and waste.

These will have a direct impact on industry and waste disposal companies and the higher standards required will certainly add to costs.

The Government's main environmental proposals, which could include carbon taxes on fossil fuels and measures for energy saving, will come in a White Paper (policy document) to be published in September.

Today's green bill does however contain important provisions for stricter control of industrial pollution. These will have a direct impact on industry and waste disposal and the higher standards will certainly add to costs.

Discussions already underway cover energy efficiency and green taxes on polluting fuels of the kind suggested by Professor David Pearce, adviser to Mr Chris Patten, the Environment Secretary.

The present bill implements the Government's plans for integrated pollution control of big plants such as factories, chemical works, oil refineries and power stations.

The different forms of pollution will no longer be policed separately but will be dealt with by a single team from Her Majesty's Pollution Inspectorate, the Government watchdog. Plant owners will have to obtain a "consent" authorising emissions and will be expected to use the best available technology so long as this does not involve excessive cost.

Environmentalists see the excessive cost clause as a loophole for polluters. But inspectors do have the alternative of imposing stringent environmental quality objectives if necessary.

There will be a duty of care placed on producers of waste to ensure that they dispose of it

legally and responsibly. It will be a criminal offence to breach that duty. Waste disposal operators will no longer be able to surrender a licence and leave a waste dump in a dangerous state.

The chemical industry, which has been a target for environmental campaigners, will be in the front line of the new controls. In fact the Chemical Industries Association (CIA) has long advocated a duty of care and already has a code of conduct on waste dis-

posal for its own members. The CIA is anxious that new measures do not prove too complex and difficult to implement. Unless the legislation is clear multinationals could avoid the UK when deciding where to establish new plants. They might opt for countries like Germany where regulations are strict but where there is certainty in their operation.

As in other industries, chemicals will face heavy costs in bringing old plant up to stan-

dard to meet the new requirements. Mrs Diane Brown, senior environment executive at the CIA, says that integrated pollution control will involve a lot of investment in new technology in the coming years.

There is also worry about how effective the pollution inspectorate will be in policing the legislation. And there is also confusion and some overlap with the responsibilities of the new National Rivers Authority (NRA) set up to be the "guardian of the

aquatic environment" under water privatisation. Dr Richard Pentreath, chief scientist at the NRA, complains that the bill will remove the authority's direct responsibility for overseeing dangerous discharges and will give it to HMIP.

"I think the NRA is going to be greatly disadvantaged," he said recently. "The position which it has so rapidly built up as an independent and efficient guardian of the environment will be undermined."

The policing of domestic waste disposal will be taken over by the new waste regulatory authorities run by the county councils. But unlike the old waste disposal authorities which they replace they will no longer be able to run their own waste disposal plants at the same time as regulating them. This poacher and gamekeeper role disappears.

Instead, domestic waste disposal will be run by limited companies owned by the local authority but operated at "arms length." These will have to compete with private disposal companies for business.

The bill is generally welcomed by the National Association of Waste Disposal Contractors which has 80 members representing 65 per cent of the turnover in private sector waste disposal. The association recently introduced its own disciplinary procedure under which members can be fined £7,500 (\$12,000) or expelled for breaches of the code of practice.

Mr Roger Hewitt, treasurer of the association and managing director of Shanks and McEwan, one of Britain's biggest waste disposal companies, says the regulations in the bill have long been needed and will give the industry a better image.

Mr Richard Burnett-Hall, a partner in McEwan and Co,

solitors who specialise in environmental law says the reforms reinforce the trend towards more highly regulated, technically more sophisticated and expensive waste disposal. The higher costs will, he believes, encourage waste minimisation and recycling.

There will be no lack of opposition to the bill in both houses of parliament. It contains freedom of information provisions under which details of pollution by local companies must be kept on a register for public examination.

Mr David Gee, campaigns co-ordinator of Friends of the Earth, would like to see a broader obligation to provide environmental information and a general duty on business and industry to minimise waste. The Labour party will attack the bill along these lines.

In addition Lord Cranbrook, the Conservative Peer who is a leading environmentalist, has produced his own alternative environment protection bill which suggests the establishment of an Environment Protection Commission.

A similar proposal has already been made by the Commons Environment Committee and is favoured by the Labour party. So an interesting cross-party coalition could emerge to embody this in an amendment to the legislation.

Unless the legislation is clear, multinationals could avoid the UK when deciding where to establish new plants. They might opt for countries such as Germany where regulations are strict but where there is great certainty in their operation.

ICI starts studies for big effluent clean-up plants

By Peter Marsh

IMPERIAL Chemical Industries, Britain's biggest manufacturer, has started technical studies on large effluent clean-up plants at its main production sites around Merseyside and Teesside. The studies could lead to spending of hundreds of millions of pounds on the plants in the 1990s.

Mr Mike Flux, ICI's group environmental adviser, said clean-up plants at its main production sites around Merseyside and Teesside, are the company's biggest concentrations of manufacturing worldwide. They make a large range of chemicals including fertilisers, plastics, specialist additives and inorganic materials such as chlorine-based compounds. The two sites channel large quantities of chemical wastes into the Tees and Mersey estuaries.

He was speaking on the eve of publication of proposals by

the Government for a new package of environmental legislation. The so-called Green Bill, due to be published today, is expected to lead to more onerous standards on pollution control for UK manufacturing companies.

The ICI sites, centred on Middlebrough on Teesside and Runcorn on Merseyside, are the company's biggest concentrations of manufacturing worldwide. They make a large range of chemicals including fertilisers, plastics, specialist additives and inorganic materials such as chlorine-based compounds. The two sites channel large quantities of chemical wastes into the Tees and Mersey estuaries.

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Where goodwill still prevails over budgets

By Michael Dixon

HOW FARES the spirit of goodwill in face of the cold draught of the budget?

Not very well, according to several complaints which have arrived this past week or two. It seems that, in the view of present-day top managements, King Herod was slow off the mark.

They tend to get their massacre of the innocents over before Christmas Day. The reason is reputedly an executive urge to remove unwanted staff from the budget so as to start the new year with a clean sheet.

That was scarcely something the Jobs column was eager to believe. So I called 14 outplacement consultants in various parts of Europe to check. Alas, all reported that business was on the whole good, most having the finesse perhaps learned from undertakers - to add they were sorry to say so.

Nevertheless I'm glad to reveal that in Scandinavia the old spirit prevails. While redundancies are increasing in Denmark, Norway and Finland, though not in Sweden, employers shun announcing them in the run-up to Christmas.

The same applies in Italy. "After all, we're Latins," I was told. "There won't be much talk here of work in any context till January."

Goodwill is also abroad in West Germany, Switzerland and the Netherlands, where outplacers uniformly report a December lull in business. Even so, the budget seems to be gaining in the struggle because the downturn is less marked than in former years.

In Britain and France, however, budgets evidently reign supreme. Outplacement consultants in both said it was a long time since they had come across a company with qualms about handing out redundancy notices in the pre-Christmas weeks.

Not, with one exception, did they see good reason why employers should hold their fire. A typical comment was: "OK, if you tell them now, you'll be blamed for spoiling Christmas. But if you wait till January, they'll say you should have told them before so they wouldn't have spent so much money. Either way, if they have to go, there'll be no joy in it for them. So it's only sensible to do it when it's best for the organisation."

As far as the Jobs column can see, there's no flaw in the logic of that argument. It just misses the entire point. Fortunately, I hear that there is at least one young man who did find joy in being fired. While padding in his suede shoes along the top-floor corridor of a British

group, he came face-to-face with the tycoon who runs it. Glaring, the chief beckoned him into a huge office, sat down at the desk and asked what he was paid.

On hearing it was £12,000 a year, the tycoon scribbled on a piece of paper, called a secretary, and said: "Get that from the cashier, and buzz me when you're back." Then he told the young man that, however good his work might be, he was not the sort of person the group wanted to employ. "So go to my secretary," the chief added as the buzzer went, "take the envelope she gives you and call in at personnel to pick up what's necessary on your way out. No hard feelings. Goodbye."

The envelope contained £3,000, which brought a spring to the young man's step as he went back to the agency where he worked. He hadn't expected such a big tip for delivering a parcel to the group's executive suite.

Festivity

NOW to the festive spirit in a quite different sense. For a long time now I have been marvelling at the detail the Runzheimer International consultancy goes into while doing its job of advising employers about world-wide

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|--------------|----------------|---------------|-----------------|-----------------|-------------|--------------|------------------|-------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Helinski | 34.09 | 35.10 | 34.80 | 3.11 | 3.51 | 9.06 | 5.23 | 39.83 |
| Cairo | 24.61 | 23.30 | 23.95 | 0.97 | 0.30 | 6.44 | 2.57 | 28.83 |
| Copenhagen | 24.32 | 18.08 | 21.20 | 2.45 | 4.34 | 5.75 | 4.19 | 28.39 |
| Moscow | 16.96 | 14.26 | 15.61 | 2.80 | 4.32 | 10.40 | 5.84 | 21.45 |
| Singapore | 16.47 | 16.49 | 17.48 | 3.05 | 4.64 | 4.71 | 3.93 | 21.41 |
| Tokyo | 17.71 | 13.07 | 15.39 | — | 7.24 | 4.58 | 3.91 | 21.39 |
| Stockholm | 20.55 | 15.18 | 18.07 | 1.99 | 0.82 | 4.90 | 2.50 | 20.87 |
| Sydney | 14.68 | 13.57 | 14.13 | 2.49 | 3.42 | 3.72 | 3.21 | 17.34 |
| Buenos Aires | 25.96 | 2.02 | 13.99 | 1.49 | 2.47 | 2.31 | 2.09 | 16.06 |
| Vienna | 13.42 | 11.88 | 12.65 | 1.16 | 1.16 | 5.88 | 2.73 | 15.38 |
| Amsterdam | 11.34 | 8.39 | 9.87 | 3.97 | 7.81 | 3.57 | 5.12 | 14.99 |
| Brussels | 12.10 | 9.91 | 11.01 | 2.59 | 2.73 | 4.02 | 3.71 | 14.12 |
| Paris | 10.43 | 9.64 | 10.04 | 2.78 | 2.76 | 3.98 | 3.08 | 13.12 |
| Hong Kong | 10.96 | 8.00 | 9.58 | 2.70 | 1.76 | 2.94 | 2.47 | 12.48 |
| Milan | 6.52 | 6.58 | 6.55 | 4.90 | 5.62 | 6.59 | 4.70 | 12.25 |
| Madrid | 8.94 | 6.45 | 7.70 | 3.09 | 4.19 | 3.80 | 3.69 | 11.39 |
| Frankfurt | 6.34 | 4.44 | 5.39 | 5.30 | 5.14 | 4.82 | 5.09 | 10.48 |
| Lisbon | 10.06 | 4.72 | 7.39 | 1.77 | 2.92 | 4.47 | 3.05 | 10.44 |
| London | 8.78 | 7.96 | 8.37 | 1.79 | 1.09 | 3.02 | 1.97 | 10.34 |
| Athens | 7.28 | 6.55 | 6.92 | 2.02 | 1.30 | 3.35 | 2.82 | 8.14 |

living costs, pay and perks. So this week I've persuaded its European operation - Runzheimer Mitchell, in London - to supply rough indicators of the price of a hangover in 20 big cities.

While it is all too easily forgotten beforehand, the full outlay includes not only the cost of incurring same, but also the expense of trying to get rid of it. Accordingly, the consultancy has delved into its data on comparative

prices in search of goods on the market that reflect both elements.

As a gauge of the "on-cost", it has come up with the average price of a litre of Scotch whisky and a like quantity of vodka. "Off-cost" is measured by the average price of 36 Aika Seltzers (except in Tokyo where they're apparently not sold), 100 branded aspirin, and half a pound of instant coffee.

The results, in sterling at

the rates of December 15, are shown in the table above. Naturally, it is up to readers to decide whether Athens is a good place to be and Helinski a bad one, or vice versa. The most balanced city would seem to be Milan, where it costs almost as much to recover as it does to suffer in the first place.

Which said, I wish you the compliments of the season, and hope to see you again on January 3.

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MANAGEMENT

East German industry

Taking a step in a new direction

Joachim Lezoch, general director of the country's Shoe Kombinat, explains to David Goodhart how management and working practices are to be reformed, providing a blueprint for changes elsewhere in the economy

Joachim Lezoch, the general director of the East German Shoe Kombinat, has the build of a heavy-weight wrestling champion. This is just as well, on his powerful shoulders rests part of the responsibility for transforming East Germany's sick economy.

Of the many proposals for economic reform currently being thrashed out in East Berlin, one of the least controversial is that Lezoch and his 100-plus general director colleagues, the business elite of East Germany, should enjoy far greater independence.

They want - and it seems will get - the right to manage, without the interference of the planning bureaucracy in the Industry Ministry, without the responsibility for every detail of the social welfare of employees, and without having to adhere to a pay system which promotes only sloth.

The Shoe Kombinat - soon to be renamed the United Shoe Industry - has been chosen as a guinea pig for such plant-level reforms. That is partly because it is, by the standards of the East German consumer goods sector, already a relatively efficient monopolist.

With 47,000 workers, 95 separate businesses, and 250 plants, it produces 93m pairs of shoes a year 12m go to the Soviet Union and 2m to the West. It records annual sales of 5bn East German marks, putting it in the top ten companies in the country and, after taking into account the 1bn marks annual subsidy to cover the lower cost of children's shoes, produces a nominal profit of DM 250m.

The other reason for the shoe industry's guinea pig status is that Lezoch himself is the nearest thing to an East German business whiz-kid there. He took over as general director of the industry 11 years ago at the age of 34 and, in the estimation of western competitors, has done a good job with lousy tools.

Now he is also politically in favour. Under the old regime his reformist management ideas were considered heresy, now he has the ear of Hans Modrow, the Prime Minister, who has been a friend for many years, and he sits on various committees which draw up economic reform plans for the Socialist Unity Party (SED), of which he is a member.

What, then, does Lezoch want? Sitting in his unassuming office in the small town of Weissenfels, just south of Leipzig, where the Shoe Kombinat has its headquarters, he explains.

1. Autonomy. His first priority, already partially realised in the past few weeks, is complete independence from the Party and partial independence from the central planners. Lezoch is a convinced socialist who believes it is possible to combine economic dynamism and social welfare within a predominantly

state-run economy. However, he also believes that detailed central planning is complete nonsense. He says: "Central planning may have been necessary for a few years after the war but now it is ridiculous for someone in the Industry Ministry to decide whether we need 20m or 28m pairs of shoes each year. I want to produce shoes that people want; I don't want to follow a mathematical model."

He adds, however, that quality and not merely quantity is already a major priority of his industry and claims that in productivity and design the Shoe Kombinat can compete with the average "although not the best" western firms.

He also denies that there is a lack of well-qualified managers in East Germany. "I have plenty of good people who do not need to spend so much time wading through 400-page reports of unnecessary bureaucratic detail," he says. Further administrative changes he wants include the right, already partially realised, to travel low-labour cost country and deal directly with foreign suppliers and customers; he also wants much greater clarity on corporate tax which currently varies sharply from year to year.

2. Rationalisation. "If business is to do its job properly there must be clearer borders between the responsibilities of business and the social responsibilities of the state," says Lezoch. In other words Lezoch wants to cease being effectively the local social security office as well as the main employer and wants much greater scope for rationalisation.

Currently, he says, he has to go on employing, or at least paying, people who are permanently ill or retired early. "I've got 15 alcoholics on my books at this works alone," he says. He also has to support the Weissenfels football team "because they don't charge enough for entry."

He wants to reduce his workforce sharply. Initially he plans to slim down only the administration, which accounts for 13 per cent of the labour force. "I want to cut staffing levels by 30 per cent immediately with another 20 per cent to follow. Altogether that will mean releasing about 2,500 people."

He does not envisage a substantial new wave of unemployment in East Germany but believes the state should start paying a form of benefit to those "in between jobs" as some of the country's hidden unemployed are given the sack. "We have



already started to create some unemployment with the dismantling of the Office of National Security," he points out.

More resources must also be put into retraining. Lezoch claims to have pioneered such retraining in the Weissenfels area by arranging, in association with the local further education college, a course in finance and economics for former security police.

3. Incentives. This, to Lezoch, is clearly the single most important field of reform. Even before the recent upheavals he had been fighting a war of attrition with the Party and the Industry Ministry over the introduction of incentive pay schemes. He now admits that the changes he did push through were largely cosmetic.

"The great mistake Marx made, which has troubled the economies of all socialist countries, was to ignore the question of incentives. If everybody is paid the same, regardless of effort, some people will scarcely work at all and the others who do work will quickly become demoralised."

There is a graded pay system in the shoe industry but Lezoch wants substantially to widen differentials. "Currently we have a pyramid system which I want to turn into something more like the obelisk in the

Place de la Concorde," he says.

The average production worker now earns about 1,000 marks net a month - although it is possible to earn as little as 600 and as much as 1,400 - but the next grade up from production worker, "masters" earn after tax, only 150 marks per month more than the average worker. Even now, according to Lezoch, the head of a plant now earns only 600 marks a month more than the average production worker. "Why should someone work themselves to death for an extra 500 marks a month?" he asks.

Under his new system there will be a minimum 30 per cent differential between production workers and masters and a minimum 30 per cent differential between masters and plant bosses. He also wants to experiment with various different systems of productivity bonus and piece work and introduce a profit-sharing incentive for managers. Such measures, he reckons, will increase productivity by 20 per cent almost immediately.

Lezoch does not duck from applying such incentive principles to the operation of individual companies or even his own industry. "I am a socialist, which means I decide how much profit I make. We need a

system in which I make a decent profit if I have worked effectively and less if I have not," he says.

However, his radicalism has clear boundaries. He insists that as long as the East German mark is not convertible and there is no free access to raw materials a form of non-market control has to be exerted. "In a sense I am the market in the shoe industry. I decide which plants should expand and which should not, and I make sure there is no unnecessary duplication," he says. He says he can already close down plants if they are particularly inefficient but only if that does not threaten plant targets.

He will now also be able to allow plants to leave the Kombinat if he thinks they could flourish outside. However, unlike many critics of the East German economy, Lezoch is not opposed in principle to the Kombinat idea of giant vertically-integrated conglomerates. The arguments he makes for the Kombinat - economies of scale, ability to provide central services that smaller companies would not enjoy - sound rather similar to the pro-conglomerate case in capitalist economies.

His broader criticisms of the structure and functioning of the East German economy do chime with the views of many western

critics. He says for example that the semi-autarkic structure has caused enormous damage and the sooner the economy is strong enough to become more integrated into world markets the better. "We produce something like 80 per cent of all manufactured goods, which is quite unnecessary," he says.

Industries like shipping, crane building, and parts of the chemical industry, where East Germany has no clear comparative advantage, should be abandoned as soon as possible. He is particularly scathing about the energy economy and says that with no acceptable domestic fuel supply of its own the country should withdraw from energy-intensive industries.

Potential growth areas are semi-finished goods, such as areas of special- alloy machinery, services and tourism. "We need to encourage small businesses and we need to improve the standards of gastronomy in the country by 500 per cent," he says.

He accepts that East Germany has to exploit its position as a richly endowed low-labour cost country to draw in western capital but wants to place strict controls on the "buying-up" of East Germany. "We do not want to become the Sicily of West Germany," he says.

He is clearly not happy about some of the economic consequences of opening the borders. In particular the growing role of the D-mark in East Germany, but accepts that it is politically impractical to stop such a trend. "It means that we have to inject more value into our own currency as quickly as possible," he says.

The macro-economic priority now is a reduction in subsidies, with a corresponding increase in pay and other incomes, and the creation of a real price system. In his own industry, for example, he says that subsidies for children's shoes should stop but that national child benefits should be raised. He also remarks that it is ridiculous that he pays only 200 marks a month for a six-bedroom house with two garages - hastening to add that a western businessman of similar rank would have four or five houses.

He recognises that if price reform is introduced before tackling the "monetary overhang" of savings, estimated at 150bn marks, it could release inflation. He therefore advocates a tight money supply and higher interest rates, although he wants lower interest rates for big savers so that the 5 or 10 per cent of

richer East Germans, such as himself, who are responsible for a large part of the overhang, do not benefit unduly. "The important thing is that ordinary people do not suffer a lower standard of living during the transition," he adds.

He supports the privatisation of state-owned flats, combined with a radical increase in rents, and advocates the destruction of the monetary proceeds as another means of reducing the overhang.

Medium-term he can envisage selling to workers shares in the companies they work in, but that - like convertibility itself - might be two to three years away. In the meantime, he advocates that the government acts as a consumer goods wholesaler to satisfy increasingly demanding consumers and to stop the outflow of East German marks seeking West German goods even at extremely unfavourable exchange rates.

He suggests that the government spends 1bn marks buying Japanese cars at special low prices. Surprisingly, he is not especially worried about the continuing outflow of East Germans settling in West Germany. Despite the changes of recent years, he says, the figure remains at about 2,000 a day and most observers assume that they are mainly the younger more energetic people that East Germany can least afford to lose.

Lezoch takes issue with this view and says that he has only lost 600 out of his workforce of 47,000 and that very few of them were economically significant. He accepts that the loss of particular groups like doctors is serious but that most key production workers are staying. Yet he also admits that unless his country moves with "military" speed and determination it could quite soon lose its economic, and thus effectively political, independence.

The prospect of being taken over by the "arrogant" West Germans does not fill him with joy. He admits that "for psychological reasons" just ventures on partnerships with western firms from anywhere but West Germany are preferred if all other things are equal. He himself recently signed a deal with the British shoe machinery company, United Machinery Group.

He says that East Germany now offers very attractive partnership opportunities to EC countries especially as a window on Eastern European and Soviet markets; "We know these markets well and we speak Russian."

Lezoch even toys with a bit of political blackmail: "If you in Western Europe do not like the prospect of a united Germany then you must help us now to remain independent." Lezoch bristles with sophisticated indignation but such comments also reveal his desperation.

TECHNOLOGY

Nick Garnett reports on the advances made in the design of smaller, cheaper power stations

A new age of energy is on the horizon

We all know what they look like. Enormous structures, some with concrete towers from which plumes of steam pour from the top. You can see them from miles away. On the M20 transport spanning motorway in the north of England, you drive past three, one after the other.

Such power stations, whether coal, oil or nuclear powered, are part of the landscape in just about every country in the world.

But many economies outside the Third World are going to see more of another type of power station - smaller, quicker and cheaper to build and principally powered by a mechanism closely related to a jet engine. The 1990s could be the age of the gas turbine powered combined cycle station.

Some large fossil fuel power stations of up to 1,800 MW will still be built for base load requirements. But in the US, Europe and parts of the Far East these are going to be supplemented and partly replaced by combined-cycle stations for base load, intermediate and peak loading capacity.

Such stations, usually ranging from around 100 MW to 900 MW in capacity, can also have extra equipment fitted to provide district heating as well as electricity. These are known as combined-cycle, co-generation stations.

Combined cycle plants, which produce electricity from both a gas turbine and a steam turbine, have been around for quite a long time. One estimate says that there are 35,000 MW to 40,000 MW of combined-cycle station capacity in the world,

though most of this is from small industrial plants. General Electric (GE) of the US has probably built more than any other company. Asea Brown Boveri (ABB) is also a top ranked supplier, having built 60 such stations.

Combined cycle technology looks like coming into its own for two reasons. One is that gas has recently become an accepted form of fuel for power

stations. The other is that the economics of electricity supply are changing, working in favour of combined-cycle's high thermal efficiency and moderate investment costs.

Shifts in the financial structure of power supply have been most marked in the UK. Electricity privatisation has called into question who is to pay for very large power stations that can cost more than £1bn to build and has contributed to the supplanting of the Government's plans for both nuclear and large coal-fired stations.

Each of the business customers could have 20 different accounts. But the personal customers are also likely to have several accounts in different currencies, or use the bank to handle their share portfolios or deal with bonds.

Now a subsidiary of the decidedly more downmarket National Westminster Bank, Coutts uses the massive computer capacity of its parent to do the routine number-crunching accounting tasks. On top of that it has decided to implement its own data processing strategy in order to service its exclusive niche markets.

The commercial attractiveness of combined-cycle plants though is also affecting purchasing policies in the US and is likely to do so in parts of continental Europe.

According to Rolf Kehlhofer, ABB's marketing vice-president, a combined cycle plant of 220 MW and measuring about 100m square, could be built for about £28m, excluding interest charges.

Building times from order to completion for such plants vary from about two to three years, compared with up to six or seven years for some types of large plant.

Efficiency is higher than in conventional stations. The output of electricity to the input of heat (fuel) is typically 50 per cent, much higher than a coal-fired station. Gas also provides lower emissions, allowing the station to generate almost no nitrogen oxides.

The one big disadvantage is that you need a piped gas supply.

Gas turbines will run on emissions from burning fuel such as coal but that would lower efficiency. Theoretically, diesel engines could be used instead of a gas turbine but there are a number of operational objections to that.

So how does a combined-cycle station work? The gas turbine part of the station produces electricity through a generator to produce electricity. The exhaust temperature of the gas turbine (about 500 degrees Centigrade) is used, at the same time, to heat water and generate steam to drive a steam turbine. This produces a second source of electric power, again operating through a generator. In other words, a second source of electricity is obtained without burning additional fuel.

Kehlhofer says the amount of electricity produced by the gas turbine is about double that which comes from the steam turbine.

If the station also has co-generation equipment, the main elements of which are condensers, it can also produce district heating. However, this reduces the amount of electricity produced by the steam turbine.

The key technology in a combined-cycle station is the

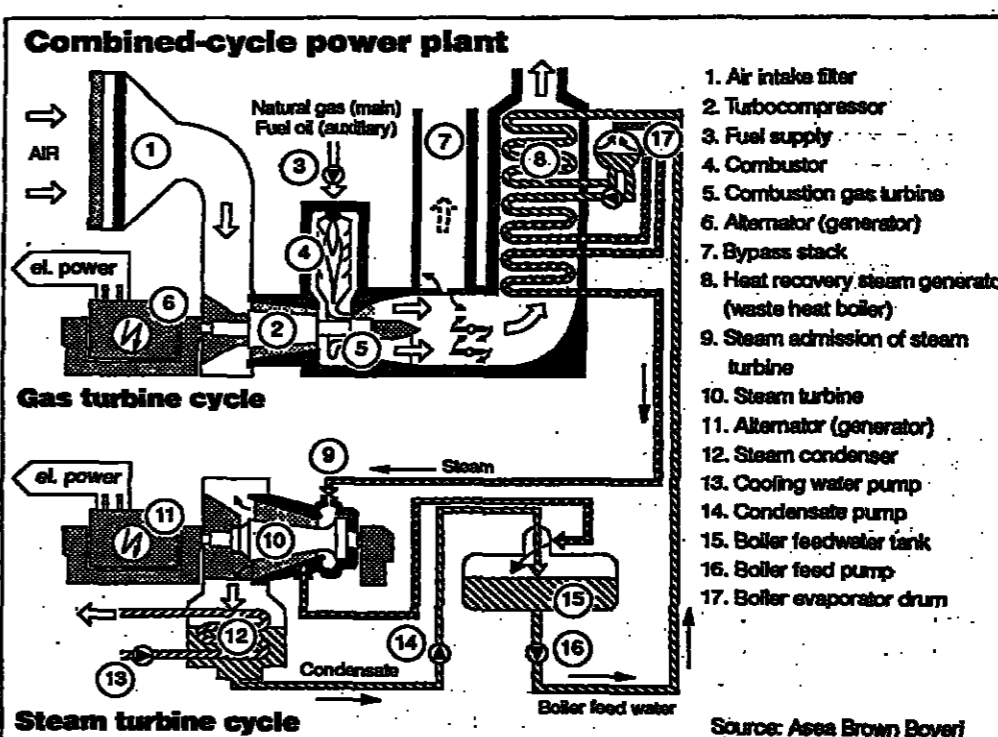
gas turbine. Such turbines range from a few megawatts up to more than 200 MW - the biggest under development being those of GEC-Alsthom, based on a GE licence.

For power stations, industrial gas turbines rather than aero-engine-derived units are used. Jet engine derived units, in operation on oil rigs, for example, require extensive maintenance every 500 to 1,000 hours, a time period completely unacceptable to power station operators. Larger, heavier duty industrial gas turbines can operate 16,000 hours to 25,000 hours before an overhaul.

One of the critical elements of design in a gas turbine, apart from the turbine blades, is the cooling system. The temperature of hot gases in the turbine can be as high as 1,900 degrees C, close to the melting point of the blades.

A typical 600 MW plant would use three 150 MW gas turbines, each about 80 feet long.

No one believes the day of the big coal-fired station is at an end, even in the western world. But for the moment, "combined-cycles" are the buzz words of electricity supply outside the Third World.



The main power station suppliers

MAIN power station suppliers have their own gas turbine technology. These are GE of the US, ABB, the pan-European Swiss-Swedish group; GEC-Alsthom, the French-British company; Siemens of West Germany; and Japan's Mitsubishi.

There are also a range of other suppliers such as John Brown in the UK which is a licensee of GE and manufactures gas turbines from 80 MW to 150 MW, and Rolls-Royce, with the industrial version of its RB211. The Rolls-Royce group now includes Northern Engineering Industries.

The gas turbine technology of each of the main suppliers are very similar though the power ranges vary. ABB is from 9 MW to 150 MW. GE also goes up to 150 MW. GEC-Alsthom's range is from 19 MW to 200 MW. Mitsubishi has very small and very large gas turbines but is short of mid-power units. Siemens is concentrated more towards bigger gas turbines.

Nick Garnett

Della Bradshaw examines how Coutts, the exclusive bank, has introduced computer technology

The icing on the banking gâteau

Coutts & Co, banker to the rich and the royal, is turning to technology to give its clients the traditional old-fashioned service for which it is renowned. Among the tail-coated banking staff and the discreet but opulent surroundings of a typical Coutts branch, nothing appears to have changed. But behind the scenes computer terminals are replacing the filing cabinets to give Coutts one of the most advanced information technology systems of any UK bank.

The aim has been to enable each of Coutts's personal bankers to display on the computer screen all the information available on a client's range of accounts, personal or corporate.

The detail is impressive. Not only does the system throw up, say, the size of the mortgage and the

amount paid for the house (or houses) of one of its personal clients, it also notes the year in which the purchase was made - essential in calculating the property's value.

Most high street banks are still struggling to install such systems. But for Coutts the need for this type of information technology was more acute because of the nature of its clients.

Coutts has over 36,000 private and 11,000 business customers, with 80 per cent of the bank's profits coming from those businesses.

Stuart Marshall, director and head of the management services division, describes these systems as "the icing on the cake."

Marshall acknowledges that the combination of Coutts's size (it has only 21 branches) and the geographical concentration of those branches (mostly in London with six of them in just one street - The Strand) has enabled it to move more quickly than the big high street banks.

But Hugh Small, European director of Arthur D Little, the management and technology consultancy

responsible for advising Coutts on its information technology strategy, believes that, given the will, any banking chain could do the same. "The technology would be the same, with branches connected to the central computer in a star configuration. The difference would be the size."

The Coutts system is based on mid-range computers from Digital Equipment, into which are networked the terminals in all the branches. The information from the massive National Westminster

accounting system is extracted daily and downloaded onto the Digital minicomputer, updating information on individual balances and cash flows.

Coutts has been partly inspired to implement this system because of its success in using computers in other areas. In particular, its package for Lloyds Members' Agents has resulted in the bank sizably increasing its share of this market.

Implemented in 1987, the deposit and loan account system, normally abbreviated to Dales, is a sub-accounting software package devised

for Lloyds agencies following the 1986 Financial Services Act, which ruled that agencies had to split up their accounts in order to separate different member interests.

In April 1987, 25 per cent of Lloyds Names disbursements were handled by Coutts. This year Coutts claims to handle 53 per cent - worth £273m.

Coutts is quick to point out that the introduction of the branch computers is not intended to take customers away from the big high street banks. Instead, its emphasis is on giving a better service to existing customers.

Giving its exclusive clients an even more exclusive service, Marshall hopes, will increase the bank's turnover by boosting the amount of business each client gives the bank to handle.

ARTS

Lady Drogheda

Joan Moore, the Countess of Drogheda, died on December 16 after a long illness, and a light has gone out that once shone bright in London's musical life.

I learned to know her when first I began writing for The Financial Times, over 36 years ago. She was a pianist, who studied with Clara Schumann and Bela Bartok.

Before her marriage, in 1935, to Garrett Moore, later the Earl of Drogheda and Managing Director, then Chairman of the FT.

The popularity of Carla Lane's work must, surely, bear out her own view of the human race: that a lot of people are half mad and very lonely.

Not least among the joys of what I think of as golden years in London working for the FT was knowing that Joan Drogheda the boss's wife and a true musician read me, understood whatever I was trying to say, and kept me in line when I strayed.

Andrew Porter

TELEVISION

'Christmas should be a time of enjoyment...'

Each of us, I suspect, has certain mental blindspots; things which leave us cold even though they seem to be admired or adored by others.

Barry Humphries is a near genius whose stage persona is one of the few true originals (owing nothing to the Danny in his drag tradition) created for and by television.

The popularity of Carla Lane's work must, surely, bear out her own view of the human race: that a lot of people are half mad and very lonely.

Cynical. The last time she was regularly funny was about 20 years ago in The Liver Birds. Tomorrow night BBC1 offers a 40-minute Carla Lane drama, Happy Christmas - I Love You.

According to a report in the Daily Mail, David Elstein, Director of Programmes at Thames TV, has announced "We believe Christmas should be a time of enjoyment.

Most curious of all, however, is the question of precisely what sexual material we are to be denied: when is the last time you can recall Thames giving us a really good sexy programme?

came to it late, and after seeing a waterfall of blood bursting into a hotel lobby, a small child daemocratically possessed, and a man slaughtered by having an axe buried in his chest.

Thames's series Capital City set in the London bank, Shane Longman, has not tried to be great drama, more a British version of those modern American programmes combining a big soap-opera cast with a multi-core plot involving the members of some organisation in partner swapping, alcoholism, ambition, and so on.

Roy Thomas, finance director of a public company and "no longer of the City," nevertheless finds the series entertaining. No dealing room would deal in everything from



Dame Edna: delivers ridicule and contempt, all wrapped in smiles and tied with a joke

commodity swaps to bonds and equities, he says, but one accepts this in the interests of drama. Moreover, a deal to finance a Brazilian paper mill by buying Brazilian government debt at a discount was "not only appropriate and accurate but sophisticated and refined."

Information manager Fran Shepherd says "What has happened to Shane Longman's research department? I could have sworn they had one. In a previous episode wasn't there a cheery cry down the phone of 'Get me all you have on rubber'?

The buzz-words of the week are "cross media ownership controls." The Government has called for a report on the way that mass media companies promote their own interests.

One's instinct, of course, is to be on the side of the angels in this matter, and it would surely take a fool to favour monopoly over diversity. Wider

choice is desirable for its own sake. It is more interesting. But is monopoly in this area quite as dangerous as we are led to believe? Are people really so very credulous? It is worth noting one vivid example just presented to us which appears to be a dramatic contradiction of the widespread belief that the public (not you or me, of course, but all the rest of them) can be led by the nose.

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Christopher Dunkley

Der Freischütz

COVENT GARDEN

At the Royal Opera it has been a persistent feature of the year nearly at an end that the new productions have been of poor quality, or worse, and the revivals impressively strong.

The foundation of so much of the reading on beautifully warm lower-string tone, the production has been of poor quality, or worse, and the revivals impressively strong.



Karita Mattila

not exactly lyrical in style, manages both the awkward vocal range and the potentially tedious equivocations of the character with unarguable authority.

and a good deal earlier in the evening. The new Annetta, Karita Mattila, sings Agathe with greater radiance than the Mozart heroines that have previously fallen to her at Covent Garden.

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Max Loppert

Circus Moon

HALF MOON

This exhilarating piece of wizardry in the concrete hulk of Stepney's Half Moon theatre should be enough to convince even the most ardent detractor that there is nothing more theatrical than alternative circus at its best.

John Turner both directs and plays a singing narrator: a moody figure in mac and slouch hat. In a show which exploits every dimension of theatre. The rich lighting of Stephen Watson picks out the jewel-colours of the performers' lycra leotards; the band in the background keeps up a musical medley of tunes that range from Ian Dury to Sings in the Rain.

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Claire Armitstead

ARTS GUIDE

THEATRE

Anything Goes (Prince Edward). One of the best of the 1980s musicals has four or five marvellous songs and Elaine Paige singing to emulate Ethel Merman. The entire production comes from the Lincoln Center in New York and is understating fare (794 8251, or 888 2428).

directed by Elijah Moshinsky, about a white South African family in Cape Town and Malda Vale. Albert Finney plays father and concert pianist across 35 years. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-to-back productions of Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's medieval sweep of history and pathos brings to Broadway lessons in pageantry and drama (229 6200).

December 15-21

For the 12th year, the Goodman company does its holiday thing, with William J. Norris as Scrooge for the 11th year, but a new director, Steve Scalet, and new adaptation by Tom Crewe promise to refresh the familiar. Ends Dec 30 (643 8200).

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SALEROOM

Autumn turnovers

Sotheby's and Christie's came clean yesterday, admitting just how successful, in sales terms, they have been in the first half of the auction year, roughly the period from August to December.

Sotheby's had autumn sales of \$367.3m, which represents a virtual doubling of turnover compared with the same months of 1988 (the rise is 99 per cent). In dollars, now the trading currency in the international art market, the increase was less amazing but still very impressive, up 72 per cent, at \$1.5b. Sotheby's also announced an annual turnover for 1989 of \$2.5b.

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Anthony Harris sifts through increasingly gloomy US economic indicators

The cheerfulness begins to fade

And now Romania?

FREEDOM IS contagious. President Nicolae Ceausescu, the Romanian dictator, has long been aware of that. He has taken almost every imaginable step to insulate his country from contagion, and to make himself and his regime proof against external pressure.

But has this strategy succeeded in making the regime invulnerable to the tide of democratic change sweeping through the surrounding countries? The latest events suggest not. A mixture of anger, desperation, and the knowledge of what was happening elsewhere...

Massacre

Predictably the Ceausescus have reacted not like other east European leaders, who with Mr Gorbachev breathing down their necks stopped short of deploying military force against the people, but like their friends in Peking. A horrible massacre has resulted, the scale of which is not yet fully clear.

Sacrifices

This remarkable turnaround was achieved not by making exports more competitive but by drastic cuts in hard currency imports, including fuel, and by withdrawing foodstuffs from the domestic market...

Incompetent and evasive

THE DECISION by the Government to pay out substantial compensation to the victims of the Barlow Clowes crash in May 1988 is on balance to be welcomed, though the change of heart had to be forced by yesterday's critical report from the parliamentary Ombudsman.

Sophisticated markets

In one sense, the DTI implicitly recognised the inadequacies of its investor protection sections by devising the Financial Services Act 1986, and through it setting up an entirely new structure.

Pursuit in court

If much of this is now a matter of history, there remain some live issues. There is some justice in the Government's claims that at least part of the responsibility for the problems at Barlow Clowes rests with the solicitors and auditors who gave comfort at crucial stages...

Duopoly

Waddingtons, the game-maker, is taking a strong line on Monopoly; the game, not the practice. For the first time, there will be a board based

"IT'S BECOMING increasingly concerned about the possibility of a recession. I see things happening out there that should be cause for worry."

The speaker is Martha Seger, a Federal Reserve governor who is known as something of a pessimist. For contrast, five leading fund managers interviewed recently in Barron's, the US investment weekly, are all bullish.

The evidence of a downturn in manufacturing is consistent and strong. The labour force has shrunk by 150,000 since March; order books - except in the aircraft industry - have been falling since the beginning of the year; profits have fallen by an eighth over the last year; and growth of investment has virtually stopped.

It is supposed that every negative number brings nearer the moment when the Fed will abandon its gradualism

Meanwhile, unsold stocks have risen above the level which led to lay-offs at the beginning of the year. Unless demand recovers, car plants would have to close for a month to work off the excess.

There is some comfort in the "personal truck" market for camping gear, pick-ups and off-road vehicles. This market was invented by Chrysler, and is still dominated by the native industry.

Retailers are also worried. They are holding heavily discounted sales before Christmas, just as they did in the years after the stock market crash two years ago.

leveraged buy-outs, this may be their last Christmas; Campeau, which borrowed heavily to acquire the Federated and Allied stores groups, has already spoken openly of the possible bankruptcy of its retail side.

All the same, the consensus forecast - the average calculated by the Blue Chip newsletter - is still for a soft landing in the US, with growth through 1990 only a little below the Federal Reserve estimate of a 2.5 per cent real growth 4th quarter to 4th quarter (which ironically will be easier to achieve if the worst current fears of retailers and the car industry for the current quarter come true).

This seems to defy both reason and the consensus. But only a minority of private forecasters expects a true recession (two successive quarters of negative growth), and only a minority of that minority seems worried about the longer term.

In Washington, the area which has seen the most consistent growth in the country, the leading local bank, Riggs, recently announced a virtual shut-down on construction loans; and in less favoured parts of the country the fear of distress sales of savings and loan assets has further depressed the market.

US industry, by contrast, made a remarkably smooth adjustment in 1987, and, apart from the motor industry, seems to be achieving it again.

OBSERVER

No Turks at the gates

No subject divides the European Community more than Turkey - not even the possible unification of Germany. Even the present, rather liberal British Foreign Secretary, Douglas Hurd, has been heard to say that Europe stops where Turkey begins.

And it is true that Article 237 of the Treaty of Rome says only that "any European State may apply to become a member of the Community," which is rather ambiguous in the case of Turkey.

What the European Commission is actually saying is: "We don't want you, because you are Turks." The excuses about there already being enough items on the agenda are thin.

The Community would readily deal with applications from other countries, such as East Germany. If it was thought to be politically expedient.

True, Turkey has an association agreement already, but one would have to blame the Commission to talk about how it might be accelerated into full membership rather than giving the brush-off. It is an insular kind of club that turns down new members.

Hair in place

The scattered ranks of Britain's 150,000 hairdressers are facing up to the challenge of 1992. A disparate group of associations, comings and institutes - including the World Federation of Supreme Hairdressing Schools, the Fellowship of Hair Artists and the Caribbean and Afro Society of Hairdressers - has joined forces in the Single Voice project.

Back to basics

Strange tales from Algeria. Two recitals that the Portuguese singer, Linda de Souza, was to have given in Algiers on December 14 and 15 were cancelled after a virulent campaign led by the Islamic Salvation Front (FIS), the largest and by far the most important of the radical Islamic movements in Algeria.

Clarks close to the FIS and the Front's newspaper El Mounqidh (The Saviour) campaigned strongly against the "Jewess" whose two recitals were sold out. The evening daily, Horizons, and the weekly, Algérie Actualité, have not been by in their denunciation of FIS tactics, the latter writing of "rampant fascism."

Meanwhile, the Minister of Religious Affairs, Professor Abderrahmane Chibani, a noted eye specialist whose wife is a former French trade union militant, has banned women from sharing offices with men in the ministry.

Since all the secretaries are now confined to one room, many phones no longer answer. Some Algerians are dismayed by this state of affairs, which they see as a return to basic beliefs.

Imperial

Notice put out by Burke's Pezage yesterday: "Burke's Pezage will be closed from December 20, the anniversary of the death of Louis Dauphin of France in 1793, and will reopen on January 8, 1990, the anniversary of the annexation of the marriage of King Carol II of Roumania, in 1919.

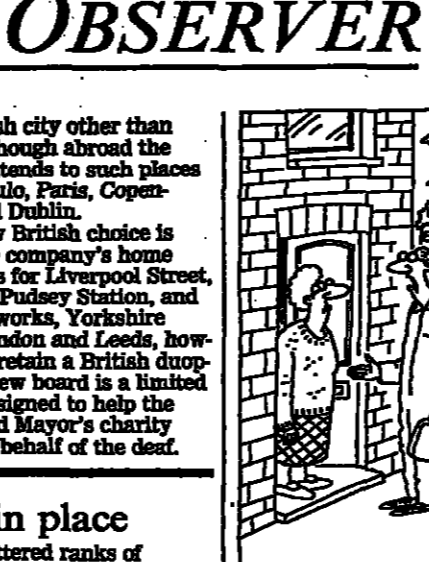
US Purchasing Managers Report



employment and inventory instead. Housebuilding is already depressed, at its lowest level since 1982.

However, there is another kind of inventory which has not been controlled. Commercial over-building, which was once thought to be a worry mainly in Texas and Colorado, is now seen as general.

In Washington, the area which has seen the most consistent growth in the country, the leading local bank, Riggs, recently announced a virtual shut-down on construction loans; and in less favoured parts of the country the fear of distress sales of savings and loan assets has further depressed the market.



"I'm doing a whip-round for Lord Marshall's leaving present."

The meeting of the 18 hairdressing bodies which set the agenda took place at the CBI Conference Centre in London.

Old Times man

An unexpected figure in the background of Lyons-based des Baux's purchase of British water shares is Charles Hargrove, who was better known on both sides of the Channel in his days as Paris correspondent of The Times from 1966 to 1982.

Now nearly 68 and still living in Paris, Hargrove has been retained as a consultant by Christine Morin-Postel, Lyons-based vice president for international operations, who describes him as "very shrewd."

Hargrove himself is modest about his role in the affair. "I had nothing to do with the financial side of it," he told me yesterday. "My job was to advise on the political drift of things - the Government's

plans and feeling on the back benches." In particular, he advised that a future Labour Government would be "bound to honour at least part of the obligations entered into by its predecessor," and would "not be averse to foreign shareholders in British water companies."

Housebuilding is already depressed, at its lowest level since 1982. Until recently, high interest rates were blamed; but there has been little or no response to easier mortgage rates, and the industry is beginning to face up to the facts of demography.

House prices in most places are soft, and with the investment motive for purchase gone, they are likely to fall further. This removes a "free" supply of collateral for loans, and helps to explain the steep fall in demand for consumer loans, which are now growing more slowly than consumer incomes.

This was in any case expected: the rapid growth of recent years was a portfolio adjustment which could not go on for ever. Some forecasters have also projected a large demographic rise in personal savings, reducing consumer spending by up to 5 per cent of income during the 1990s.

The demographics of the housing market seem to reinforce this effect rather powerfully in any society in which owner-

occupation is the norm, so the rise in savings could be quicker than has been forecast.

The President's 1991 budget proposals will include a plan designed to encourage the rise in savings; perhaps fortuitously, it is an attempt to get incentives on the cheap, and is not expected to have any quick effect. The White House claims that its proposals will meet the Gramm-Rudman requirements of a 50 per cent reduction in the Federal deficit. Even allowing for window-dressing, this is a strongly deflationary proposal. Of course if the pessimists are right, and the recession has already begun, the Gramm-Rudman law will automatically be suspended. Even if growth continues, but falls short of the official 2.5 per cent projection, the actual deficit will overshoot again.

On top of this, many states with balanced budget rules are already facing shortfalls in revenue, especially from property taxes, due to the weak real estate market and the growth slowdown. They are cutting expenditures, or raising taxes, or both. The balanced budget laws have no let-out clause for a recession, and can therefore destabilise the economy. They encourage governors to be spendthrift during a boom, and prescribe a squeeze when the economy weakens.

It is hard to quantify all these effects. The new thriftiness of the consumer, which is depressing sales of all durables and not just cars, will probably reduce GDP by at least a percent a year. The state fiscal squeeze is ill-timed, but its impact will be less.

Commercial over-building, once a worry mainly in Texas and Colorado, is now seen as general

The 1991 federal budget is an unknown at this stage; the President's full proposals will only be unveiled next month, and the defence programme is still under debate. There will in any case be a tussle on whether any money saved on defence should go to deficit reduction - or the expected White House position - or to urgent work on the infrastructure. If the economy looks bad, Congress may well try to enforce a near Keynesian stabilisation.

What can be set against this gloomy catalogue? First, the fact that up to now the official figures show quite vigorous growth. Second, that sectoral recessions are nothing new; they have marked every stage of the expansion since 1982. Finally, the Fed now seems in a mood to relax; inflation has not dropped, but now flows more to a record-breaking cold spell than pressure of demand.

But other sectors, like the house-builders, may learn that when interest rates fall because of weak credit demand, no miracles should be expected. The downside risks still look much greater than at any time since the Volcker squeeze was relaxed in 1982.

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Cedric Sandford explores the burden that Britain's fiscal system places on taxpayers and businesses

It cost the equivalent of over 25bn to collect United Kingdom taxes in 1986-87 - using "collect" in its widest sense. This sum is equal to more than 1 1/2 per cent of GDP and approaching 4 per cent of total tax revenue.

This estimate of the volume of resources required to operate the tax system is one of the main findings of a study* by the Centre for Fiscal Studies, just published. The study was financed mainly by the Economic and Social Research Council and represents over a decade of research.

These "operating costs" of the tax system consist of administrative costs (public sector) and compliance costs (private sector). The administrative costs are incurred by Inland Revenue and Customs and Excise, and the part of the costs of the Department of Social Security which arise from collecting national insurance contributions.

and the costs accounted for by trustees in respect of taxes on trusts. The table sets out estimates of administrative and compliance costs for each tax or group of taxes in 1986-87 and also expresses them as a percentage of tax revenue.

Overall, as the table shows, private-sector compliance costs are more than twice the level of administrative costs, and the difference is particularly marked for the big revenue-yielding central government taxes - income tax including national insurance contributions and capital gains tax, VAT and corporation tax.

A cost-cutting government may be tempted to reduce its own administrative costs, and the difference is particularly marked for the big revenue-yielding central government taxes - income tax including national insurance contributions and capital gains tax, VAT and corporation tax.

The biggest unfairness associated with tax compliance is the disproportionate burden it imposes on small companies. What might be called the regressiveness of tax compliance costs applies in its most extreme form to VAT. The study estimated that in 1986-87 the lowest band of compulsorily registered traders (250,000-500,000) bore compliance costs of 27.50 for every £1,000 of goods sold; the corresponding figure for companies with a turnover above £10 million was 3p.

This regressiveness is also found in the costs incurred by small businesses in paying PAYE and national insurance contributions, in income tax on the self-employed, in corporation tax and in some of the minor taxes. The effect is cumulative. Some small businesses experience this regressiveness in the form of VAT, or more taxes. Where small businesses compete with large, the small are being put at a state-created competitive disadvantage. The disadvantage arises because there are substantial economies of scale in the work of tax collection and

What it costs to collect tax

UK TAX COLLECTING COSTS 1986-87. Table with columns: REVENUE (2bn, 5bn, %), ADMINISTRATIVE COSTS (2bn, %), COMPLIANCE COSTS (2bn, %), OPERATING COSTS (2bn, %). Rows include Income Tax, CGT & NI contributions, VAT, Corporation Tax, Petroleum Revenue Tax, Excise Duties, Minor Taxes, Overall Central Govt, Local Rates, Overall Central & Local Govt.

tax remittance. Small businesses, which have deliberately sought to fill economic niches where economies of scale are nil or limited, are being forced to engage in an activity which disadvantages them compared with their larger rivals.

The picture is not wholly black for business and even for small companies; there can be some offsetting advantages. Thus some of the small businesses surveyed are now claiming the better records that were compiled to keep to satisfy the VAT inspectors brought managerial advantages and might, for example, reduce their accountants' bills for income tax. A larger and more quantifiable offset to

business arises from the cash flow benefit from collecting taxes such as VAT or PAYE income tax, which may legitimately be held for a period before being remitted to the revenue authorities. For the biggest companies, the value of this benefit often exceeds the compliance cost, especially when interest rates are high. The small firm, however, is left with a substantial net cost.

How reliable are these figures? The estimates of administrative costs are almost wholly drawn from official sources. Measuring compliance costs is more difficult. In the study, data on compliance costs is based on four large-scale sample surveys covering VAT, personal income tax (including

But they would have to be very wide of the mark to gainsay the main findings. The authors are confident that this is not the case.

What, then, are the main policy conclusions? Let us concentrate on those relating to compliance costs which, in the past, have been the neglected area. The conclusions can be conveniently grouped under four heads: recognition, allocation, minimisation and compensation.

Recognition. The starting point of any policy on compliance costs is an explicit recognition of their importance - an importance which derives both from sheer size and from their distributional effects. As a matter of course, compliance costs should be taken into account, along with other considerations, in every decision on tax policy. In fact the United Kingdom government has gone further in almost any other country in the recognition it has given to compliance costs in its statements. For example, compliance costs figure in its deregulation white papers and are explicitly mentioned in the Taxpayers' Charter issued in 1986.

Yet there remains some way to go. The ideal would be a tax cost budget, published as part of the Budget Statement, which included a quantitative estimate of both the administrative and the compliance costs of projected tax changes. The difficulties of estimation are obvious, but if the attempt were made, growing experience and the ensuing development of more sophisticated techniques would, as with the estimation of the revenue effects of tax changes, bring increasing accuracy.

Allocation. Because of the transferability of operating costs, the division of responsibility between public and private sector arising from an important tax change should be a matter of most careful consideration. As we saw, where total operating costs are the same, there are strong arguments for placing more cost on the administration and less on the taxpayer. The United Kingdom government and its revenue departments have not been immune to the temptations to do the reverse

to reduce administrative costs at the expense of compliance costs. To take one example from each of the revenue departments: Customs and Excise have cut back on educational visits to VAT traders - forcing them to rely more heavily on (expensive) consultancy services; and a trivial

but very clear example is the decision of Inland Revenue to cease sending stamped addressed envelopes with tax return forms, leaving the cost of postage to the taxpayer.

Minimisation. Clearly, one objective of policy along with others, should be to minimise compliance costs, especially for small businesses. Some important measures to this effect have been taken by the government; but the need is continuous and the scope immense - it ranges from simple measures such as the provision of information and advice and improving the comprehensibility of tax literature to major issues of the stability of legislation and the simplicity of the tax structure.

Compensation. Where compliance costs represent a particular burden which is not susceptible to reduction, there could well be a case for compensation. This is most generally true of the disproportionate burden faced by small businesses.

There are many possible ways of offsetting the tax system imposes on small businesses. One simple compensation mechanism already exists - the cash flow benefit, in relation to VAT and PAYE the United Kingdom could adopt the practice prevalent in some other countries, of having differential payment periods, with larger companies being required to make VAT and PAYE payments to the Exchequer more frequently than smaller companies.

Circumstances in which direct financial compensation should be paid by the state must always be limited. But there are some which call for more sympathetic treatment. Thus, for example, there is a strong moral case for compensating the taxpayer who emerges innocent after having suffered the expense and stress of an in-depth investigation. There is also a case for providing compensation, at least for the temporary expenses, in those cases where total operating costs are reduced by passing over to the private sector duties hitherto carried out by the public sector.

The author is Professor Emeritus of the University of Bath and was formerly the Director of the Bath University Centre for Fiscal Studies. *Administrative and Compliance Costs of Taxation, Cedric Sandford, Michael Godwin and Peter Horndwidge, Fiscal Publications, Old Coach House, Ferrisfield, Ferrisfield, Bath, 240.

LETTERS

Britain's interest in Hong Kong's ongoing success

From Mr Michael Pattison, Sir, Research by Hong Kong University in the property and construction sector adds an extra dimension to your report (December 18) on the intentions of Hong Kong professionals...

June. The number of those who had "no intention" of emigrating dropped from 44 per cent before the massacre to 11 per cent after. However, 71 per cent expressed a "strong interest" in Hong Kong's future...

We do nothing for our reputation nor for our self-interest by allowing some of our politicians to capitalise on latent British racism in setting the agenda for discussion of the crucial issue. We are returning the territory of Hong Kong to China. We probably have no right to return Hong Kong people to Chinese rule but, having decided to do it, we must make every possible attempt to leave in place a vibrant economy...

Then we must show China the advantages of joining the international economic community and introducing a population of businessmen to be elected to future governments. The continuing economic success of Hong Kong can be as valuable for Britain as for China.

Scotland wants to be considered normal member within EC

From Winifred Ewing MSP. Sir, in "A political time bomb," James Buxton - writing in your Scottish survey (December 15) - makes the case for Scotland's independence...

Britain lies the kernel of the outsider's erroneous perception of Scotland. Scotland is not a region, but an equal partner with England under the Treaty of Rome. Sadly, this has been a partnership of Jonah and the whale...

Credit card fees must be viewed as implicit admission of failure

From Mr Matthew Topham. Sir, The credit card companies have communicated their views on card fees so effectively that they are now accepted as fact. David Barclay ("Lloyds takes plunge," December 9) repeats the myth that card holders who pay their accounts in full each month are subsidised by those who borrow...

high because it is very high risk lending with no security against a weak credit reference. All the companies' bad debts have to be allocated against the borrowing class of user. If Lloyds now feel that they have to charge all account holders a fee in order to maintain their operations, they are implicitly announcing either that they can no longer run an efficient transaction processing service or, more probably, that their portfolio of borrowers has gone out of control.

Britain trying to do the impossible with capital exports and deficit

From Diane Abbott, MP. Sir, Samuel Brittan ("Bogey of the basic balance," December 14) echoes the views on capital flows presented by the Government and its advisers to the Treasury and Civil Service Committee in its hearings on the Autumn Statement. Unfortunately they are wrong...

form an "important part" of the government's projections. This makes a mockery of parliamentary supervision in examining economic policy. Mr Brittan's and Sir Terence's arguments on the distinction between long-term and short-term capital flows are essentially the same, but invalid. The crucial issue is the determinants of the capital flows; that is, the factors they are sensitive to and the degree to which they are affected by interest rates.

per cent of GDP and net international borrowing by other sectors of the private sector equivalent to a further 3 per cent of GDP. The portfolio outflow, reflected in the basic balance therefore puts upward pressure on interest rates, thereby cutting domestic investment and increasing recessionary pressures. It is absurd for Britain to attempt to be a major exporter of portfolio (or direct) capital in conditions where it is running a large current account deficit. No other major economy in the world attempts to do so.

many and Japan. The second is to run a large current account deficit and to be a large importer of long term capital - a benign case in an underdeveloped country and a malignant one in the case of the US. Britain, however, is attempting to do the impossible - to run a large current account deficit and to be a large exporter of portfolio capital; that is, to be a large capital exporter on the basis of borrowed money. The inevitable result is the extremely high interest rates we are now experiencing. Far from being irrelevant, the increasing deficit in the basic balance creates constant upward pressure on interest rates - with damaging consequences for the domestic economy.

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- NEW MARKET TECHNOLOGY EXHIBITION: In the spotlight: professional products and services of direct interest to decision-makers and investors with more than 100 exhibitors on hand to present their wares.
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For conferences and registrations, contact: Marianna Huxel Allard at Finactis, 78, av R-Poincaré - Paris 75110. Tel: (33-1) 45.00.41.70. Fax: (33-1) 45.00.14.08. For trade show information and invitations, contact: Caroline Korbvat at Colyam, 34, Champs-Élysées - Paris 75008. Tel: (33-1) 42.80.14.33. Fax: (33-1) 42.80.40.00.



PALAIS DES CONGRES - Porte Maillot 75017 Paris.



EC and Efta agree timetable for treaty negotiations

By David Buchan in Brussels

THE GREEN LIGHT was given yesterday for negotiations to start in the first half of next year...

people, should be concluded as rapidly as possible, though even on timing the two sides could not quite agree.

start of 1993, when the Community is due to finish its own single market programme.

ment Efta chairman, said: "We would not be satisfied in accepting passively the *faits accomplis* (by the EC). New regulations and laws covering the EES should be the result of equal participation."

asking Efta countries to accept much of EC rules on competition, public procurement and technical standards.

BRAZIL'S PRESIDENT-ELECT PONDERS INAUGURATION DATE

Victorious Collor may bide his time

By Ivo Dawmay in Rio de Janeiro

PRESIDENT José Sarney of Brazil has let it be known that he would offer no resistance if his successor, Mr Fernando Collor de Mello, insists on taking office before March 15 - the official inauguration date.

But the victor in Sunday's election is understood to be reluctant to take up the office, preferring to use the interim period to prepare his own government.

Mr Sarney, who has until now vehemently defended completing his mandate, has been under growing pressure from political enemies and allies to give way.

Many economists believe it will now be hard for his lame-duck government to keep the lid on the rapidly deteriorating economy.

An early inauguration would require the approval of Congress - a vote Mr Sarney has now declared he would not resist.

But many in the Collor team privately say that there must be a further deterioration in the economy before the conditions are right to implement the tough package of emergency measures under preparation.

Some planned measures have been leaked of the package which will emerge immediately after the inauguration.

As his economic team met in Brasília, the Supreme Electoral Tribunal continued to count the final votes from Sunday's poll.

With just under 52 per cent of the ballot counted, Mr Collor, the centre-right candidate, had won 52.2m votes and his socialist opponent, Mr Luis Inácio Lula da Silva, 28.5m.

The White House has said that in July Mr Scowcroft and Mr Eagleburger personally urged the Chinese leadership to ease its stance over the violent crackdown.

President Bush has been unrepentant about ordering the visas, saying that his critics would have to be patient and wait and see how the Chinese leadership responded.

The critics were strengthened yesterday by an article in the Washington Post by Mr Winston Lord, ambassador to Peking from 1985 until earlier this year.

Mr Lord described the most recent mission as a "misguided step".

In the article, written before the disclosure of the July mission, Mr Lord said: "One does not shore up the long-term foundations for Sino-American relations by appearing weak to China's leaders and cautious to the Chinese and American people."

"One does not earn respect abroad by reversing field within months and practising double standards."

Mr Lord argued that, even on its own terms, the mission was "severely misguided" since it undermined "finest moderates" within the Peking leadership.

"Far from strengthening their hand, the administration has robbed them of the argument that Chinese repression and xenophobia entail costs. Japan, Europe and others will feel free to follow the Scowcroft trail."

Points will be awarded on the basis of a number of criteria ranging from the extent of an individual's links with the UK to educational qualifications and the person's position in a particular company or government department.

Mrs Thatcher, speaking in the House of Commons yesterday, emphasised the Government's duty towards civil servants in Hong Kong and towards providing assurances for key workers upon whom the colony's prosperity depended.

Some 30 Western banks have expressed an interest in joint ventures in Poland and about five are expected to win licences.

Responsibility clouded, Page 8; Editorial comment, Page 14



President-elect Fernando Collor de Mello; prefers to use the interim period before taking office to form his own government.

Investors with Clowes win £150m bail-out

By Richard Waters in London

THE 18,000 investors caught up in the collapse of the Barlow Clowes Investment Group are to receive up to a total of £150m in compensation in an unprecedented government bail-out.

Virtually all the investors will get back 90 per cent of their money plus compound interest since the date of the collapse of the group 18 months ago.

News of the payment, which brings to an end campaigning by the mainly elderly investors, many of whom stood to lose most of their life savings, followed the publication yesterday of a highly critical report by the Parliamentary Ombudsman, Sir Anthony Barrowclough, into the DTT's handling of the Cheshire-based group over 13 years.

The Ombudsman accused the Department of "significant maladministration" over its handling of the Barlow Clowes affair in his 170-page report.

This included allowing Barlow Clowes to operate without a licence for 10 years and later issuing a licence when the DTT had concerns about the group.

The Ombudsman criticised "the lack of a sufficiently rigorous and inquiring approach."

Announcing the payment Mr Nicholas Ridley, Secretary of State for Trade and Industry, said that the government did not accept the Ombudsman's main findings, and that it did not accept legal liability. However, he pointed to "a number of unusual features which taken together distinguish this case from other business failures" and justified the compensation.

These included the inadequacy of the regulatory machinery before April 1986, when the Financial Services Act was introduced.

Mr Ridley added: "It is also true that a large number of investors, many of them elderly, have suffered hardship."

The payment to investors, due in February, is far more generous than most of those close to the affair had expected.

It covers all investors in both the offshore and UK-based funds, and is expected by the liquidators who will be administering it to cost £150m-£170m.

The government indicated yesterday that it expected to recover much of this, partly by suing advisers and others who could be held liable.

Investors who accept will have to assign any rights they have in relation to Barlow Clowes to the DTT. This includes rights to the £30m already controlled by the liquidators of Barlow Clowes International, the group's Gibraltar-based fund, and the further £25m-£35m the liquidators expect to recover.

The only means to recovering the £100m or so shortfall will be through legal action against others involved in the affair. Those whose involvement has already been studied by the joint liquidators with a view to assembling a legal case include auditors and reporting accountants, including Spicer & Oppenheim and Touche Ross; lawyers, including Herbert Smith; bankers, including Midland and Lloyds; and financial intermediaries who recommended investment in Barlow Clowes.

Secret Peking trip angers US Congress

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush's policy of keeping open high-level contacts with the Chinese leadership has come under renewed fire from congressional leaders and a former US ambassador to Peking.

Controversy over the visit to Peking 10 days ago by Mr Brent Scowcroft, the President's National Security adviser, and Mr Lawrence Eagleburger, the deputy Secretary of State, has been increased by the disclosure that the two officials made a secret trip there in July, a month after the massacre of protesters in Tiananmen Square.

Senator George Mitchell, the Democratic majority leader of the Senate, said the visits made "a mockery of our profession of concern for human rights".

He called for full disclosure of the Administration's contacts with the Chinese leadership.

The Administration will now find it more difficult to head off additional sanctions against China when Congress returns in just over a month.

The July mission has provoked particular criticism since the Administration had just announced suspension of high-level exchanges between the two countries.

These included the cancellation of a trip planned by Mr Robert Moabacher, the Commerce Secretary. The White House was yesterday drawing a distinction between public exchanges (suspended) and contacts between governments (continued).

Several senior ministers are understood to have expressed concern about the size of the potential rebellion and Mr Nicholas Ridley, the Trade and Industry Secretary, was said to have spoken against any such legislation.

Those concerns are thought to have persuaded Mrs Margaret Thatcher, the Prime Minister, against setting down a firm timetable for the legislation, although Mr Hurd is thought to favour the introduction of a Bill in the current session of parliament.

His statement today will be followed early in the new year by an intense ministerial campaign to persuade backbench

MPs to support the policy. They will argue that the package is essential to prevent an accelerated flight of the most skilled and essential workers from the colony and that it will not involve a massive influx into the UK.

Mr Hurd's view is that the issuing of passports will encourage those people to stay in the colony in the knowledge that they have an "insurance policy" on which to fall back if China does not live up to its obligations.

Under the points system to be introduced by the Government, about two thirds of those likely to qualify will be in key private sector jobs with the remainder in the public service.

steps to right the economy immediately on taking office, counting on Congress to give the approval on the basis of his substantial popular mandate.

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television network that allegedly gave more time and favourable coverage to Mr Collor.

There is also widespread anger on the left at the action of bus company owners in several big cities who attempted to make voting more difficult for the socialist's supporters by withdrawing services.

However, Mr Lula was expected to concede defeat in a press conference due to be held yesterday evening in São Paulo.

Mr Lula's aides are attributing the loss of the contest to a failure to get out the São Paulo vote - the largest electoral area - and the reluctance of the social democratic centre to back their candidate.

Mr Collor, who towards the end of the campaign adopted a fiercely anti-communist tone, is now attempting to woo this substantial segment of the population, many of whom regard the President-elect as having an aggressive, hypocritical and even unbalanced personality.

Many were shocked in particular by his decision to use television propaganda in the bitter testimony of the mother of a child of Mr Lula's, born out of wedlock. She had attacked the left-winger for urging her to have an abortion and for alleged racism.

In an attempt to heal wounds from what was, on occasions, a vicious and underhand campaign, a close aide of Mr Collor told reporters yesterday that the new government would be social-democratic in character with its highest commitment to improve the lot of the poor.

There have also been reports of overtures to the Catholic church; the bulk of which backed Mr Lula, to support a government of national reconciliation.

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Responsibility clouded, Page 8; Editorial comment, Page 14

prices in the Impressionist and contemporary art markets may have started to level out, after their recent phenomenal growth. But the few recent sales disappointments seem to have been caused by over-enthusiastic estimates from the competing auction houses rather than a dearth of buying interest.

The big sums paid for Van Gogh's may capture the headlines but a hint of realism at the top end of the market would not necessarily signal the death knell for the rest.

There are plenty of sectors, such as sculpture or Old Masters, which have room to catch up with the moderns, rather as regional UK house prices eventually track those in the capital.

The key to the strength of the art market is the breadth of the buying interest - for every Australian financier that drops out, there is a Japanese industrialist or insurance company ready to fill the breach. Only a worldwide recession, which might push the wealthy into more liquid assets, might threaten the entire art market.

Even then, there are still areas of the world - South East Asia, Latin America - where the newly rich will be seeking status symbols.

Standard Chartered is no great surprise that Standard Chartered has been the worst performing UK bank share over the last year. While the sector has done better than the market for the first time in a long while, Standard has underperformed by 13 per cent, mainly because it always seems to be running so close to the edge.

Just to keep still. The sums raised from the recent string of property disposals have been disappointing; and although yesterday's agreement with Westdeutsche Landesbank marks an end to the period of major asset sales, there is the nagging worry that the group could still do with more capital.

A risk asset ratio of 11 per cent will no longer look so respectable once Standard Chartered catches up again with its peer group in respect of extra Third World debt provisioning. However, Standard would find it hard to justify another rights issue and a cut in the 5 1/2 per cent yield would be bad for investor morale. The only consolation for shareholders is that the cleaner the balance sheet, the more vulnerable the bank becomes to a bid; and this is something the authorities would almost certainly welcome.

The bulls have held sway in the art world for so long that it is not surprising that some commentators have started to call the top of the market. Yesterday's sales figures from Christie's and Sotheby's illustrated just how strong the sector is. It is easy to dismiss this example of worker participation as a gimmick, but if British Rail were ever to be run like NFC, the Government's problems would vanish.

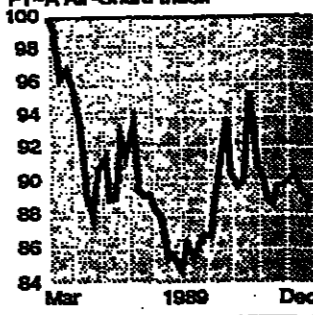
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Another fine mess from the DTI

NFC

Share price relative to the FT-A All-Share index



pre-tax profits does not look so spectacular. Indeed, NFC's profits are not much different from its best guess almost a year ago. But while it does have the benefit of a handsome property cushion with which to smooth its profits progress, it is a brave move when a company in one of the most sensitive areas of the economy indicates that it intends to grow its profits more than twice as fast as the market average in the coming year.

NFC is more diversified than many of its competitors, its productivity is better and it is benefiting from its growing overseas businesses. Nevertheless, it has its problem areas.

Its travel business is losing money, its truck rental side is a good barometer of the slowing UK economy and it has yet to solve the problems of overcapacity in the cold storage business. However, NFC's strength in areas like food distribution, property development and a strong balance sheet should provide this year's profits growth and justify its continued premium rating both to the market and the sector.

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Art. The bulls have held sway in the art world for so long that it is not surprising that some commentators have started to call the top of the market. Yesterday's sales figures from Christie's and Sotheby's illustrated just how strong the sector is. It is easy to dismiss this example of worker participation as a gimmick, but if British Rail were ever to be run like NFC, the Government's problems would vanish.

NFC. It is easy to pick holes in NFC's latest annual profits announcement. Strip out a £5m saving on pension contributions, £7m of loss elimination from the contribution from property profits, and the £23.1m rise in

pre-tax profits does not look so spectacular. Indeed, NFC's profits are not much different from its best guess almost a year ago. But while it does have the benefit of a handsome property cushion with which to smooth its profits progress, it is a brave move when a company in one of the most sensitive areas of the economy indicates that it intends to grow its profits more than twice as fast as the market average in the coming year.

NFC is more diversified than many of its competitors, its productivity is better and it is benefiting from its growing overseas businesses. Nevertheless, it has its problem areas.

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Delay in IMF agreement with Poland

Continued from Page 1

of intent. Even if Mr Mazowiecki were to approve the text by the end of the week this would leave little time to arrange the loans which Poland needs by January 1 for the programme to start.

However, the reasons for the unexpected delay in signing the letter of intent are not regarded as fundamental by IMF officials in Washington.

Officials say there are aspects in the draft letter which must be reviewed by both sides and this might take

a few days. The delays are described as "procedural". But the IMF and Poland are said to be getting pretty close, and an agreement is still possible before January.

Meanwhile, the Polish Parliament is working at break-neck speed to pass a mass of legislation and next year's budget by the beginning of the year.

Polish authorities have given a licence to the first foreign banking operation in the country since the Second World War.

WORLD WEATHER

Table with columns for location, temperature, wind, and other weather details for various global locations.

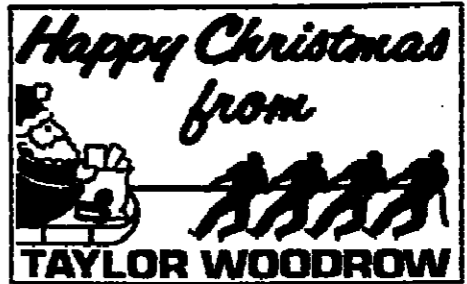
Montreal Trust Company of Canada advertisement featuring a logo with a tree and text: 'Montreal Trust Company of Canada (Incorporated under the laws of Canada) £ 10,000,000,000 6.40 per cent. Guaranteed Deposit Notes due March 19, 1993 Unconditionally Guaranteed as to Payment of Principal and Interest by Montreal Trustco Inc. (Incorporated under the laws of Canada) Issue Price 101.25 per cent. Bank of Tokyo Capital Markets Group Sumitomo Trust International Limited Daiwa Securities Co., (Asia) Limited IBJ International Limited KEB International Limited Nomura International Sanyo International Limited'.



wish you a Merry Christmas

FINANCIAL TIMES COMPANIES & MARKETS

Wednesday December 20 1989



INSIDE Challenger wastes no time

No one could accuse New Zealand's Fletcher Challenge of wasting time. No sooner had it topped Metel-Serla's offer for UK Paper than it was claiming victory in the bid battle...

Spanish tempers fly

Dignity and composure. The Spanish banking industry has come close to losing both in the unseemly scramble for control of Banco Bilbao Vizcaya...

Challenge born of opportunity

Ten years ago, US bankers and brokers talked almost messianically about globalisation. Capital barriers would fall, there would be seamless 24-hour trading across time zones...

Hate thy neighbour



They have the sports cars, enjoy foreign holidays and are even considering building their own golf course. Yes, there's no shortage of cash in the Japanese village of Ogata...

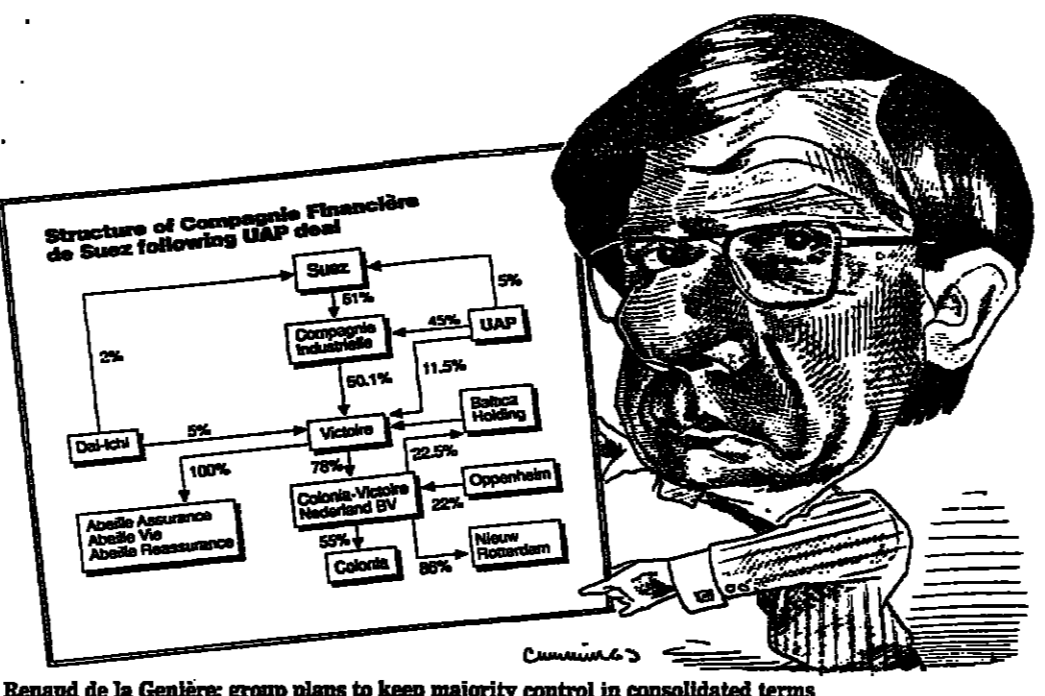
The 12-month Viennese whirl

In Vienna they deserve a Sachertorte, with a helping of Schloggers. As Christmas approaches, books on the Austrian bourse are just about closed. The trading hall is quiet...

Spotting the real spider in the web

George Graham looks at the financial network being built up by France's Suez group

Compagnie Financière de Suez has been working on a complicated jigsaw for some time now. But this week a few more pieces have fallen into place - bringing a clearer idea of how the finished puzzle will look...



Renard de la Genière: group plans to keep majority control in consolidated terms

Suez solves at one stroke UAP's largest remaining problem: West Germany. UAP is expected to announce a smaller acquisition in southern Europe next month, and is still looking for a non-life company in the UK market...

smith's bid for Farmers' parent. BAT Industries. Other insurers are more reserved about the profitability of major acquisitions overseas and more convinced that Europe's component national markets will retain their distinct characteristics for years to come...

pay the FF14.4bn (\$2.43bn) UAP has spent on its 34 per cent interest in Victoire. A glance at the areas cited by UAP and Suez for co-operation between the different insurance companies that now make up the network tends to encourage the sceptics...

Ferranti expects no bid by February deadline

By Hugo Dixon in London

FERRANTI International Signal, the troubled UK defence electronics group, believes it is unlikely any company will bid for it by the deadline of February 5 that it has set for offers.

Decisions earlier this month by British Aerospace and Daimler-Benz, believing it is unlikely any company will bid for it by the deadline of February 5 that it has set for offers.

French state-owned defence group, may still bid for it. However, it will leave it to the last moment and bid at a low price - possibly below yesterday's close of 34p.

come concerns at the Ministry of Defence that it already dominates the UK defence industry. Ferranti holds its annual shareholders' meeting at its London headquarters later today.

dividends of ordinary shares. Shareholders will have the option either of subscribing to the new shares or selling on their rights.

If no third party agrees either to bid for Ferranti or take a substantial minority stake in it by the deadline, a £150m (£240m) statutory rights issue will come into effect.

At the same time, Ferranti thinks that Westinghouse, which has been considered to rescue it, will not be able to meet the deadline.

To bid that low, Thomson would first have to get permission from the takeover Panel. This is because BAe acquired shares in Ferranti at 56p several months ago, when it was contemplating a joint bid with Thomson.

The company will also be holding an emergency meeting on January 12 to get shareholders' approval for the new rights issue. The issue has been underwritten by a group of institutions, which are also leading shareholders.

At the emergency meeting, shareholders will also be asked to approve the split of each ordinary share into an ordinary share and a special share.

The issue was originally put in place as a safety net, designed to strengthen Ferranti's negotiating position with potential bidders, but it was not expected to be used. However, the company now thinks it will be needed to fill the hole left in its balance sheet by an alleged £215m fraud.

Other companies which might have been interested in taking a minority stake in it, such as Finmeccanica of Italy, are also not expected to be ready to move by February 5.

Meanwhile, Ferranti is understood to believe that General Electric Company of the UK is unlikely to be ready to move by February 5.

Emergency and travel assistance networks are another point, as well as joint acquisitions in third countries. Ambitions are distinctly more

Ferranti has already sued Mr James Guerin, its former deputy chairman, and various associates. It is expected to sue Peat Marwick McLintock, its former auditors, early in the New Year.

Mattel plays Santa with offer for Corgi Toys of the UK

By David Churchill, Leisure Industries Correspondent, in London

CHRISTMAS came early yesterday for Corgi Toys, the UK manufacturer of die-cast model cars such as vintage Rolls-Royces and classic Bentleys.

Mattel, the giant US toy company with annual sales topping \$1bn yesterday paid an undisclosed sum - rumoured in the toy trade to be at least £23m (\$48m) - for Corgi which had a turnover last year of just £13m.

among shoppers. Mattel, which claims to be the world's largest toy company, has come through a rough period in the mid-1980s - losses in 1986 and 1987 totalled \$121.5m - as a result of betting on toys such as Captain Power which failed to capture the heart of American youngsters.

in 1987. The peak year was 1988 when sales reached \$222m. Corgi was part of the Mettoy toy company which went into receivership in 1983, one of the clutch of famous toy names such as Airfix and Dumble-Combe-Max which fell foul of the early 1980s recession.

dividends of ordinary shares. Shareholders will have the option either of subscribing to the new shares or selling on their rights.

The acquisition comes as the UK toy trade faces one of its bleakest Christmas trading periods for several years, a victim of the slump in retail spending following the rise in interest rates this year and general economic uncertainty.

While most toy companies and retailers are still putting on their traditional brave public face about the level of sales, top spending in the UK is seen as steady rather than spectacular this Christmas. Traditional toys are again the front runners

Mattel's strategy now appears to be to go for less-fashionable and traditional toy sectors where growth is more assured. "We are looking for companies which have a strong brand in stable markets," said Mr Glen Bozarth, a spokesman for Mattel in the US, yesterday.

Mr Chris Guest, Corgi's managing director, denied that the decision to sell to Mattel reflected the problems in the UK die-cast market. "We felt that linking up with Mattel would give us considerable benefits for distribution not only in Europe but in the rest of the world," he said.

At the emergency meeting, shareholders will also be asked to approve the split of each ordinary share into an ordinary share and a special share.

New blow to British Land scheme

By Nikki Tait in London

THE CHANCES of British Land, the UK property company headed by Mr John Ritblat, winning approval from shareholders for its controversial restructuring plan were dealt another blow yesterday as Robert Fleming Asset Management, one of the two largest shareholders in the company, decided to vote its 7.37 per cent stake against the scheme.

meeting called to approve the restructuring is due to take place tomorrow, and will - at the very least - formally convene. The only comment from British Land's advisers was that "we're examining the circumstances and what we would like to do. There are still decisions to be taken." Last night, a couple of large shareholders known to be opposed to the deal as currently formulated, said that they were not aware of any compromises being mooted, but suggested that the proxy position might still be being assessed.

Robert Fleming made its decision after seeing British Land yesterday. The fund manager declined to elaborate on its precise objections to the scheme, but confirmed they were in line with criticisms already expressed by other institutional shareholders.

These have centred on the extent of the management incentives offered, the size of the management fee being levied on the on-going New British Land company, and the speed at which they were being asked to make a decision.

The Association of British Insurers is understood to have circulated members, pointing out that a number of offices see no alternative but to vote against.

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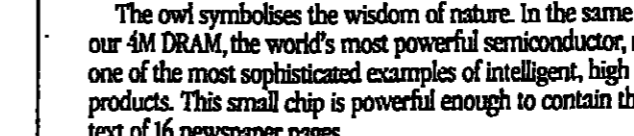


Table with market statistics including Base lending rate, Benchmark Govt bonds, FT-A indices, etc.

Table with company price changes including Abitibi-Price, Banco Bilbao Vizcaya, Bank of Tokyo, etc.

Toshiba advertisement featuring the owl logo and text: 'Is there anyone smarter than me?' 'In Touch with Tomorrow TOSHIBA'

INTERNATIONAL COMPANIES AND FINANCE

Court decision threatens Bond deal

By Bruce Jacques in Sydney

MR ALAN BOND, the besieged Australian entrepreneur, said yesterday that he would soon proceed with the long-awaited deal for Bond Corporation Holdings to sell its beer interests to Lion Nathan, the New Zealand brewer.

But, while Mr Bond was adamant on the brewery deal at a fiery annual meeting of Bond Corporation in Perth, a court decision handed down yesterday has the potential to scuttle his plans.

The West Australian Supreme Court approved a reconstructed board for Bell Resources, the Bond offshoot, which will give the balance of power to independent directors.

Under the court order, Bond Corporation and the Adelaide Steamship group, which has a 19.9 per cent stake in Bell, will each have two representatives

on the board. Two seats will be taken by outside directors, yet to be named and the chairman will be Mr Geoffrey Hill, the Sydney merchant banker.

The board arrangements have been forced on Bell by the National Companies and Securities Commission which was otherwise threatening court action to place the company in receivership. The two independent appointments are subject to approval from the Commission.

Mr Henry Bosch, the Commission chairman, yesterday indicated that a condition of the new board arrangements was that directors quickly pursue acquisition of Bond Corporation's breweries.

"The Commission has sought, and received, undertakings from Bell Resources that he will act quickly to prepare a plan of

action in respect of the acquisition of brewing assets from the Bond Corporation Holdings group and retain, on behalf of the Bell board, a legal firm and accounting firm acceptable to the Commission to provide the board with advice and assistance in assessing Bell's position and options.

Mr Bosch's statement suggests that, in pursuing Bond's brewery assets, Mr Hill would also be obliged to take action to recover the controversial A\$1.2bn (US\$939.7m) deposit advanced last year by Bell to Bond Corporation.

Part of this sum is being held as a downpayment for the brewery sale plan involving Lion Nathan.

Mr Bond also told yesterday's Bond Corporation meeting the company had sold its half share in the 50-storey R&I Tower building in Perth for

A\$108m. He faced aggressive questioning from shareholders, especially a group of Dutch investors increased at his offer to buy back more than A\$20m worth of group debt securities at about half face value.

But Mr Bond said the company needed a "fair go" from the Australian media and shareholder support if it was to return to profitability.

"With the continued co-operation of banks... and support of our shareholders, we believe we can turn around once again and prosper. Because, after all, if Australia is to be seen to be correct in the international market place, we do need entrepreneurs to reach out for new horizons, even though from time to time there are setbacks."

Mr Bond said the group had experienced a difficult period where conflicts had been sen-



Alan Bond enjoys his Swan beer after yesterday's AGM

sationalised by the media. He said the group's recently announced Australian record loss of more than A\$500m had to be seen in perspective because it included large provisions and write-offs.

NFC sees growth of 12% per share

By Clare Pearson in London

NFC YESTERDAY announced a 34 per cent advance to pre-tax profits of £90.2m (£142m) for the year to September 30. The distribution and travel group also said it expected to outpace slowing UK corporate earnings growth in 1990.

Its current view was that it should achieve 12 per cent earnings per share growth, and a 16.4 per cent advance in pre-tax profits in the current financial period.

"As the year progresses, I think this performance will look very satisfactory indeed," said Mr James Watson, deputy chairman.

NFC, uniquely among British quoted companies, publishes on each reporting date a "best view" of what it thinks its next full-year results will be. The company, which joined the stock market via an introduction in February, has kept up the practice begun after it was bought out by employees.

Earnings per share for the period under review rose 29 per cent to 18.3p (14.2p) and the final dividend is 2.3p (2.0p) for a 31 per cent better total payment of 7.5p.

The full-year dividend is lifted to 7.5p, a 31 per cent increase, after a final dividend of 2.3p against 2.0p last year.

The results were slightly better than NFC's earlier "best view," and were achieved against deteriorating conditions in many of the company's markets.

On turnover up at £1.49bn (£1.26bn), operating margins improved from 7.2 to 7.7 per cent. The pre-tax figure was struck after a £15.5m (£11.2m) debit for profit-sharing.

Growth in contract hire stayed firm throughout the year and this, together with good performance from waste management and other smaller businesses, pushed the transport division's operating profits to £37.2m (£32.1m), despite the downturn in truck rental.

The contribution from logistics, which provides integrated distribution services, rose to £29m (£22.3m), benefiting from elimination of loss-makers.

Eastern Air to sell its facilities at Chicago for \$195m

By Roderick Oram in New York

EASTERN AIR LINES is selling its Chicago-London route and facilities at Chicago airport to American Airlines for \$195m (£121.6m) as part of its bankruptcy reorganisation.

American is widely expected to buy Eastern's Caribbean and Latin American routes with a deal expected soon.

Eastern asked the New York bankruptcy court on Monday for an extension of the December 29 deadline for filing a reorganisation plan.

The company expects to review a plan with its creditors early in the new year.

In a forecast filed with the court, Eastern said it expected to report a fourth-quarter net loss of \$250m and a further loss in the first quarter of next year.

Eastern said it hoped to make a "modest" net profit for the second half of 1990 and

expected a full year operating profit of \$80m.

Eastern would continue to operate the Caribbean and Latin American routes until the buyer was ready to take them over.

It would then discontinue Miami as a hub although it would operate a contract service base there.

After the closure, the Atlanta hub's share of Eastern's flights would rise to 75 per cent from 55 per cent.

Eastern hopes to emerge from its reorganisation at about two-thirds of its previous size and to raise some \$1.8bn from asset disposals.

Intensive talks with American about its Latin American operations resumed recently after Eastern began falling short of its asset sales target. Previous talks broke down in the summer.

Reader's Digest to raise \$550m in offer

By Roderick Oram in New York

THE READER'S Digest Association, publisher of the world's most widely read magazine, is to raise up to \$550m through an initial public offering of 21.2 per cent of its total common stock.

The prospectus, due to be released later yesterday, will be closely read by investors and the general public for the first detailed look it will give of the intensely private 67-year-old organisation.

Based in Pleasantville, a far northern suburb of New York City, Reader's Digest has previously revealed only a few skimpy figures. The flagship magazine is published in 39 editions and 15 languages with a global circulation and readership of 22m and 100m respectively per issue.

Under the chairmanship of Mr George Grune since 1984, the company has diversified through acquisitions of a handful of other titles. It also has book publishing, video and record businesses.

The company said yesterday it will offer 25m Class A non-voting common shares - 21m in the US and 4m abroad - through Goldman Sachs and Lazard Freres at \$18 to \$22 per

share. Following the death earlier this decade of the association's founders, Dewitt and Lila Wallace, ownership of the organisation has been in the hands of foundations and employees.

The stock sellers for the public offering are two Wallace foundations and seven independent foundations they established to support their favourite charities. These include New York's Metropolitan Museum of Art, the New York Zoological Society, the Lincoln Center and Colonial Williamsburg, a recreation of a colonial American town.

The Reader's Digest itself and its employees will not sell any of their non-voting shares in the offering. All voting stock in the association will remain held by the two Wallace foundations and a trust.

The association said in May employees would gradually build up a 20 per cent stake in the voting stock. Under a change in federal tax laws governing ownership of commercial enterprises by charitable trusts, the Wallace foundations will have to divest 50 per cent ownership of the association by 2000.

NEWS IN BRIEF

THE FEDERAL German Monopolies Commission has recommended to the country's ministry of economic affairs that approval should not be granted for the merger of the diesel activities of MAN, the Munich engineering group, and the Swiss Sulzer Brothers, writes John Wicks.

This marks a further step in the approval process. Sulzer said yesterday. The Swiss company will be among those at a hearing at the ministry in Bonn on January 18.

Kersaf Investments, the South African hotel and casino group, said its two top executives, Mr Dick Goss, chairman, and Mr Ian Heron, managing director, have resigned, Reuter reports.

The officers quit with immediate effect and also resigned from all other companies within the group. Kersaf gave no reason for the resignations but said they had been agreed with the administration of Bophuthatswana, home of the Sun City casino resort, Kersaf's biggest single asset.

Dresdner Bank is to open a representative office in Dresden, the East German city where the bank was founded 117 years ago, AP-DJ reports.

The office will start operating within the next few days, the bank said.

Abitibi halves dividend in face of severe discounting

By Robert Gibbens in Montreal

ABITIBI-PRICE, the pulp and paper group 80 per cent controlled by the Reichmann family of Toronto, is halving its quarterly dividend to 12.5 cents a share.

The company is still North America's leading newsprint producer though it has been diversifying into higher value products over the past five years. Profits were down 44 per cent in the first half this year and 69 per cent in the third quarter.

Earnings at recent levels do not cover dividend payments on the common stock.

Abitibi said the dividend cut

was made to conserve resources in the face of severe price discounting in newsprint and fine papers and the high level of the Canadian dollar which reduces revenues on export sales.

The outlook for newsprint is unfavourable for the next two years because of slow growth in the US and excess industry capacity.

The problem facing Abitibi is shared by most other big Canadian integrated forest products firms but are widely expected to decline in the second half of next year.

VW reports record year

VOLKSWAGEN, the West German vehicle group, said 1989 was its best ever business year, with group sales rising by 10 per cent to DM65bn (\$37.64bn), Reuter reports.

No profit figure was given. Worldwide deliveries rose 3 per cent to a new record of nearly 3m vehicles. Parent company sales rose 9 per cent to more than DM48bn and all business sectors saw a rise in profits.

Cost-cutting measures and a move by consumers towards

buying high quality vehicles were boosting earnings.

VW made a 1989 group net profit of DM780m and the company has said it was likely that its 1989 result would exceed DM1bn.

The only decline in 1989 sales was seen in North America and Argentina, where markets remained difficult. European sales hit a record for the fifth year running, reaching 2.14m cars, a rise of 6 per cent compared with 1988.

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Geneva: Starting 1990, Taurus Finance S.A. will market Segespar-Titres' worldwide range of private and fund management services to personal and institutional investors in Switzerland.

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\$1,100,000,000



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through a wholly owned subsidiary has acquired

Sea World, Inc.

and other assets of the Theme Park Division of Harcourt Brace Jovanovich, Inc.

The undersigned acted as financial advisor to Anheuser-Busch Companies, Inc. in this transaction.

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Not a New Issue

December 20, 1989

7,762,129 Shares



ANHEUSER-BUSCH COMPANIES, INC.

Common Stock

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UBS Phillips & Drew Securities
Limited

These securities having been sold, this announcement appears as a matter of record.

New Issue

December 20, 1989

\$600,000,000



ANHEUSER-BUSCH COMPANIES, INC.

\$250,000,000 8¾% Notes due 1999
\$350,000,000 9% Debentures due 2009

The undersigned underwrote and sold these securities.

Dillon, Read & Co. Inc.

The First Boston Corporation

Goldman, Sachs & Co.

J.P. Morgan Securities Inc.

Nomura Securities International, Inc.

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New Issue

December 20, 1989

\$241,729,000



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Due October 1, 1996

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NZI OVERSEAS FINANCE N.V. By: R H Garrett, Managing Director.
Date: this 20th day of December 1989.

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The Principal Paying Agent SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter LUXEMBOURG

THE MINISTRY OF FINANCE OF THE KINGDOM OF THAILAND

US\$300,000,000 Floating Rate Notes due 2005. Notice is hereby given that for the interest period 20th December 1990 to 20th June 1991 the interest rate has been fixed at 8.75%. Interest payable on 20th June 1990 will amount to US\$10,732.72 per US\$100,000 Note and US\$10,743.06 per US\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Nationwide Anglia

£75,000,000 Subordinated Floating Rate Notes Due 2004. Notice is hereby given that for the interest period 20th December 1990 to 20th June 1991 the interest rate has been fixed at 8.75%. Interest payable on 20th June 1990 will amount to £382.19 per £10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

COMALCO FINANCE LIMITED

US\$180,000,000 Guaranteed Floating Rate Notes due 1993. Notice is hereby given that for the interest period 20th December, 1989 to 20th March, 1990 the interest rate has been fixed at 8.75%. Interest payable on 20th March, 1990 will amount to US\$216.75 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

U.S. \$200,000,000 B.B.L. International N.V.

Guaranteed Floating Rate Bonds due 1992. Notice is hereby given that for the interest period from December 20, 1989 to June 20, 1990 the Bonds will carry an interest rate of 8.425% per annum. The amount payable on June 20, 1990 will be U.S. \$425.04 per U.S. \$100,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank. December 20, 1989.

U.S. \$165,000,000 Parkbarea Finance Corporation

Guaranteed Floating Rate Bonds due 1992. Notice is hereby given that for the interest period from December 20, 1989 to June 20, 1990 the Bonds will carry an interest rate of 8.425% per annum. The amount payable on June 20, 1990 will be U.S. \$425.04 per U.S. \$100,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank. December 20, 1989.

U.S. \$150,000,000 MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Notes Due 2009. Interest Rate 8 3/4% per annum. Interest Period 20th December 1989 to 20th June 1990. Interest amount due 20th June 1990 per U.S. \$10,000 Note U.S. \$ 425.93 per U.S. \$250,000 Note U.S. \$1,016.26.

Agent Bank: Credit Suisse First Boston Limited Agent Bank

U.S. \$150,000,000 DFC Overseas Investments Limited

US\$100,000,000 Guaranteed Undated Primary Capital Floating Rate Notes. all of which are guaranteed by DFC New Zealand Limited.

As bondholders may be aware, on 3rd October, 1989 DFC New Zealand Limited was placed under Statutory Management by the governor of the Reserve Bank of New Zealand. In order to inform all Bondholders of the present position, The Law Debenture Trust Corporation p.l.c., as Trustee of each of the above issues, has prepared a progress report. Copies of the report are available for collection at the Paying Agents for each of the Bonds. The Trustee will periodically lodge further progress reports with the Paying Agents.

Agent Bank: Credit Suisse First Boston Limited Agent Bank

THE REPUBLIC OF TRINIDAD AND TOBAGO

U.S. \$50,000,000 Floating Rate Notes due 1992. Notice is hereby given that the Rate of Interest has been fixed at 9.75% p.a. over that the interest payable on the relevant Interest Payment Date, June 20, 1990, against Coupon No. 9 will be U.S. \$492.92.

December 20, 1989. London. By: Citibank, N.A. (CSI Dept), Agent Bank CITIBANK

U.S. \$165,000,000 NBD BANCORP, INC.

US\$100,000,000 Floating Rate Subordinated Notes due 2005. Notice is hereby given that for the interest period 20th December, 1989 to 20th March, 1990 the interest rate has been fixed at 8.75%. Interest payable on 20th March, 1990 will amount to US\$216.75 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

DFC New Zealand Limited (Under Statutory Management) DFC Finance (Overseas) Limited

A\$ 50,000,000 13% Guaranteed Bonds Due 1990. Japanese Yen 15,000,000,000 4% per cent. Guaranteed Bonds Due 1992. V10,000,000,000 8% per cent. Dual Currency Yen/Australian Dollar Bonds due 1992. US\$100,000,000 11% Guaranteed Bonds Due 1995.

DFC Overseas Investments Limited US\$100,000,000 Guaranteed Undated Primary Capital Floating Rate Notes. all of which are guaranteed by DFC New Zealand Limited.

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Agent Bank: Credit Suisse First Boston Limited Agent Bank

EUROPEAN AMERICAN BANCORP

Guaranteed Floating Rate Notes Due 1993. Notice is hereby given that for the interest period from December 20, 1989 to June 20, 1990 the Bonds will carry an interest rate of 8.75% per annum. The amount payable on June 20, 1990 will be U.S. \$425.04 per U.S. \$100,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank. December 20, 1989.

Inspectorate International Finance N.V.

US\$75,000,000 Guaranteed Floating Rate Notes due 1993. Notice is hereby given that for the interest period 20th December 1989 to 20th June 1990 the interest rate has been fixed at 8.75%. Interest payable on 20th June 1990 will amount to US\$216.75 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

INTERNATIONAL COMPANIES AND FINANCE

Stormy marriage of rival interests

Peter Bruce on the battle for control of BBV, Spain's largest bank

IF COMPOSURE and dignity mean anything more in Spanish banking, the industry has come close to losing both in the unseemly scramble for control of its biggest bank, Banco Bilbao Vizcaya, following the sudden death last week of one of its co-presidents, Mr Pedro Toledo. In the early 1980s, Spain's banking crisis plunged the industry into a ferocious redistribution of power. Last year, the country's then biggest bank, Banco Central, tried to merge with Banco Espanol de Credito (Banesto). This move collapsed 10 months ago in a breathtaking spat of personal infighting between shareholders, a ruined marriage and the worst press (for the industry) imaginable.

boards would exist through the transition but would come together in a 10-strong management board. With the Central-Banesto merger falling apart around them, the BBV experiment appeared perhaps rosier than it really was. However, rumours of distrust and boardroom bickering between the two sides have been floating around Madrid for more than a year. A story leaked to a magazine, probably by Vizcaya people, told an amusing tale of a clash of management cultures, with stuffy and pedantic Bilbao officials unable to understand why their relaxed Vizcaya colleagues refused to use inter-office envelopes more than once or why they did not save their paper clips.

Mr Toledo's death established just how little progress had been made in marrying the two banks... apart from a respite at the funeral, the war between them has been total. The two co-chairmen, Mr Toledo at Vizcaya and the industry's "philosopher", Mr Jose Angel Sanchez Asian at Bilbao, put together the Iberian peninsula's biggest financial empire and carefully managed to portray themselves and their directors as the very essence of a sensible, careful and harmonious banking team. The new "superbank" (by Spanish standards) would be the 37th largest in Europe in terms of assets. It had 2,400 branches throughout Spain and would employ more than 84,000 people. Under a carefully constructed management plan, the younger president, Mr Toledo, would become the sole president in the early 1990s on Mr Asian's retirement. In the meantime, a Bilbao man, Mr Emilio de Ybarra would take over as president of a Vizcaya executive, Mr Alfredo Saez Abad, was made managing director. The two old

most analysts (and, probably, customers who have yet to benefit from the merger) seems to be the most sensible move. Mr Asian even offered to step down and let someone else be president. In the order of things, though, this would logically be Mr Ybarra, the vice president, and not Mr Saez. By the start of this week, there was no sign that tempers were cooling. The Bilbao side was busy arming itself with legal opinion charging that the Vizcaya board did not have the right to nominate a co-president to represent it and that this decision has to be made by the joint managing board. When the national news agency, put out a story on Monday night saying the Vizcaya board was prepared to negotiate Mr Saez's nomination, a delegation of Vizcaya executives went to the agency to deny it was prepared

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 19

Table with columns: US DOLLAR STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS. Includes bond names, amounts, and prices.

CITIBANK TO SET UP AN AIRLINE FINANCING UNIT IN LONDON

By Paul Beils, Aerospace Correspondent. CITIBANK is establishing an airline and aerospace financing unit in London to cover Europe, the Middle East and Africa. It will be headed by Mr Peter Sokell, who is joining Citibank at the beginning of next year.

Mr Sokell was six years with National Westminster Bank's aerospace group. He joins Citibank from working on airline and aerospace financing with Spectrum Capital, a joint venture including Mitsubishi Trust and Banking of Japan.

Citibank claims a leading share of the aerospace financial market which is expected to continue to grow rapidly over the next 15 years. Citibank said yesterday the global airline and aerospace financing market was expected to be worth at least \$300 billion (128.7bn) a year by the end of the century.

Clifford Chance, the international law firm, estimates in a recent study on cross-border aircraft leasing that by 2000, some \$750m-worth of new aircraft will be brought into service to cope with increases in air passenger traffic. It adds that the majority of these aircraft will be financed by leasing.

Citibank expects consolidations and mergers to continue in the aviation business as airlines seek to become more globally oriented. Citibank's European unit is part of the bank's efforts to strengthen its global operations in aircraft finance. It has recently set up a similar unit in Tokyo.

Straight Bonds: The yield is the yield to redemption of the mid-price of the amount issued in millions of currency units except for Yen bonds where it is in billions. Change of week - Change over price at week end.

Convertible Bonds: Denominated in dollars unless otherwise indicated. The yield is the yield to redemption of the mid-price of the amount issued in millions of currency units except for Yen bonds where it is in billions. Change of week - Change over price at week end.

Foreign Exchange: Denominated in dollars unless otherwise indicated. The yield is the yield to redemption of the mid-price of the amount issued in millions of currency units except for Yen bonds where it is in billions. Change of week - Change over price at week end.

UK COMPANY NEWS

Mirror Group Newspapers expected to outbid Pointplus of the US
Maxwell set to bid for Monotype

By John Ridding

MR ROBERT Maxwell's Mirror Group Newspapers is today expected to make an offer for Monotype, one of the oldest names in British printing technology which earlier this month agreed a £32m offer from Pointplus, a US investment group.

Mr Maxwell said yesterday that MGN had opened discussions with Monotype with a view to making an offer slightly above the 150p cash per share bid which was currently on the table. Monotype's shares gained 3p to close at 158p.

Should MGN acquire Monotype, which manufactures typesetting equipment and supplies a number of Britain's national newspapers, it would form part of Fifth Wave Tech-

nology, a wholly-owned subsidiary of MGN, the formation of which was also announced yesterday.

The new company will manage existing MGN investments in the electronic pre-press publishing business, act as a test bed facility for suppliers of such computer-based systems, and advise the board on installing technology in the newspapers it controls.

Fifth Wave will immediately take over Mirror Group's 27 per cent stake in Scitex, the Israeli-based company, and its recently-acquired 100 per cent holding in QED Technology, a supplier of computerised publishing systems.

Mr Danny Chapchal, former chief executive of Hell-Xenotron, a subsidiary of Siemens

which specialises in page make-up, has been appointed chief executive.

Mr Maxwell expressed his interest in Monotype immediately after the announcement of Pointplus' November offer which he described as too low. Monotype presently supplies pre-press equipment to MGN and the two companies also have technical collaboration agreements.

A spokesman for Fifth Wave said yesterday that Monotype was "an attractive company in the industry" and that "if the chemistry and price look reasonable after today's meeting between the two companies then an offer should be forthcoming."

A successful bid by Mr Maxwell would mark the latest step

in Monotype's long and turbulent history.

Formed at the end of the nineteenth century, Monotype was one of the pioneers of typesetting technology. Its survival has been cast into doubt on a number of occasions and two rescues were necessary between the mid-1970s and 1980s.

Recently, it has suffered renewed problems as a result of poor demand for its Lasercomp page composition equipment and increased competition from larger competitors.

Figures released earlier this month showed that losses for the first six months of the current financial year had risen from £908,000 to £1.29m.

Medirace seeks £87m to complete acquisition

By Peter Marsh

MEDIRACE, a fledgling pharmaceutical company traded on the Third Market, yesterday proposed a rights issue to raise the £87m needed to complete an ambitious acquisition that will increase its size more than forty-fold.

The company, formed two years ago, has in principle agreed to purchase Evans Healthcare, a private maker of unbranded generic drugs, over-the-counter medicines and vaccines.

As part of the transformation, Medirace next month plans to change its name to Medeva. It also hopes to gain a full Stock Exchange listing.

Last year Evans had income of £43.7m, on which it showed an operating profit of £5.2m. Medirace's current annual sales are about £1m.

Mr Bill Gerard, Medirace's non-executive chairman, said yesterday that the purchase of Evans was needed to raise the size and profile of his company.

Evans, until 1986 a subsidiary of Glaxo, put itself up for sale in the summer. It was formed as a result of a £27.5m management buy-out, financed largely by debt.

The rights issue announced yesterday by Medirace - subject to approval of shareholders at an extraordinary general meeting on January 15 - places a value of about £57m on Evans' shares. The rest of the consideration is largely accounted for by repayment of Evans' debt.

As part of the assimilation of Evans by Medirace, four Evans directors, including Mr David Moffatt, managing director, will be joining the Medirace board. The four had been the main people involved in the Glaxo buy-out and currently own about 30 per cent of Evans.

At present, Medirace's sales mainly come from diagnostic equipment and reagents. It is also developing a novel vaccine for AIDS and cancer called Contracan which was invented by scientists at Hammersmith Hospital in London.

Mr Bernard Taylor, a former Glaxo chief executive, is talking to Medirace about becoming executive chairman early in the New Year.

Founding family plan to return Saga to private sector

By Andrew Bolger

THE BOARD of Saga Group, the over-65s holiday tour operator, has been approached by the De Haan family, which controls 63 per cent of the company, with a view to taking it private.

The De Haans, including Mr Roger De Haan, Saga chairman, intend to offer about 300p per share for the outstanding 37 per cent of the equity. The shares jumped from 227p to 250p after the announcement.

Mr De Haan said yesterday that the main reason the company had been floated 11 years ago had been to deal with the tax and estate duty burdens facing his father, the founder, and the rest of the family.

However, he said the over-65s market was becoming as cyclical as the main holiday trade and Saga found the City's short-term pressure to increase profits and dividend increasingly burdensome.

In particular, Mr De Haan said the group was anxious to invest in further diversification into publishing, financial services and retirement homes which would not necessarily bring a quick profit return.

The De Haans had never been willing to dilute their 63 per cent stake, but the company never issued shares to raise funds. Nevertheless Saga has always had a strong cash position and at the end of July it had a cash balance of more than £28m.

Saga's shares have fallen from a high of 306p this year as gloom about consumer spending and pressure on holiday operators has grown. Analysts have forecast pre-tax profits of £5m for the year to January 31, which would give an exit mul-



Roger De Haan: profit pressure increasingly burdensome

multiple of about 17, twice the sector average.

Mr De Haan said the family, which is being advised by Campbell Lutyens Hudson, hoped the offer document would be published next month, subject to the financing being arranged.

The independent directors of Saga, Mr Tim Bull, Mr Jerry Foster, and Mr Robert Levine, are being advised by County Natwest and have said shareholders should take no action in the meantime.

Saga started after the war when Mr Sidney De Haan began filling the family hotel at Folkestone, Kent, with elderly visitors out of season and organising seaside bus tours. It now sells more than 250,000 holidays every year, ranging from cheap long-stay holidays in Spain to expensive long-haul destinations and safaris.

Yorkshire TV ahead 15% to over £18m

By John Ridding

YORKSHIRE Television, one of the big five ITV contractors yesterday announced a 15.8 per cent rise in pre-tax profits from £15.64m to £18.04m for the year to the end of September, despite a relatively poor advertising performance negotiated elsewhere in the network.

Whereas the network as a whole increased advertising revenues by 10.6 per cent over the period, Yorkshire achieved a rise of only 5.4 per cent, from £139.41m to £146.42m. As a result, its share of the network total fell from 8.93 per cent to 8.51 per cent.

Mr Clive Leach, managing director, said that the "group's sales force didn't operate well" when the contracts for the period were negotiated. He said Yorkshire had responded by changing the top management of the sales team and forming a new advertising sales company.

According to Mr Leach, the current annual negotiations are "going well" under the new system and the underlying drift of advertising revenues to the south east has ceased.

The period also saw the implementation of further measures to improve efficiency. This involved the reduction in staff numbers, from 4,378 to 4,358, and enabled total staff costs to fall from £43m to £40.4m. At the pre-tax line, however, this was offset by exceptional charges of £3m (£3.7m) relating to the rationalisation programme.

The year's two largest productions, Yellowthroat Street and Till We Meet Again, will be transmitted as part of the winter schedule, but the combined costs of about £15m were taken in the accounts.

The group also revealed details of its scheme to retain key executives in the run up to the award of new franchises which will run from 1993 and be awarded on the basis of a competitive tender for the first time. Under the scheme, 18 key executives are included in a profits bonus scheme for which about 4 per cent of pre-tax profits are being put aside each year until the decision on franchise awards is known.

Earnings per share during the period rose from 23.7p to 23.9p and a final dividend of 9p (8.5p) makes 11.5p (9.5p).

Fletcher bid wins UK Paper

By Maggie Urry

FLETCHER CHALLENGE, the New Zealand-based pulp and paper group, yesterday claimed victory in its £299m cash offer for UK Paper.

This followed an announcement from Metsä-Serla, the Finnish forest products group, that it would not increase its £263m cash offer for UK Paper.

Fletcher Challenge yesterday bought further shares in the market taking its stake in UK Paper to about 42 per cent. The addition of irrevocable acceptances of 7.5 per cent from the board and what is believed to be a similar percentage from management takes Fletcher Challenge to more than 50 per

cent.

Metsä-Serla made its offer, worth 330p per share, last month and initially it was recommended to shareholders by UK Paper. However, Fletcher Challenge approached UK Paper after seeing the Metsä-Serla offer and over the weekend put together its 375p per share bid. UK Paper switched allegiance to the higher offer launched on Monday.

After Fletcher Challenge's bid was announced on Monday, Metsä-Serla said it was considering making a yet higher offer, but decided yesterday morning that "a price of 375p is a full price, bearing in mind

the undoubted challenges to be faced by UK Paper within Europe." It said it would let its offer lapse on December 28. It has sold its 4.5 per cent stake in UK Paper, bought when it made its offer at prices up to 330p, to Fletcher Challenge.

UK Paper's shares fell 11p to close at 367p yesterday, below the offer price. Bankers said this was because people who accepted the offer would have to wait for their cash, and therefore the market price was discounting the time difference.

Metsä-Serla is expected to seek other opportunities to expand in Europe.

Tiphook defers funding plan

Tiphook, the UK container rental company which is waging a bid battle for Sea Containers jointly with the privately-controlled Stena group of Sweden, is deferring the second instalment on its convertible loan stock issue, writes Nikki Tait.

Tiphook announced the issue as part of the funding plans for its share of the acquisition costs when the struggle first broke out last May. Shareholders subscribed for the first instalment - 106p per unit of stock, raising £55.5m - in July. The second instalment, of 315p per stock unit, was payable in January if the offer had been successful before then.



All of these Securities have been sold. This announcement appears as a matter of record only.

6,000,000 Shares

Arkla Exploration Company

Common Stock

5,000,000 Shares

This portion of the offering was offered in the United States and Canada by the undersigned.

MORGAN STANLEY & CO. Incorporated

THE FIRST BOSTON CORPORATION

BEAR, STEARNS & CO. INC.

ALEX. BROWN & SONS Incorporated

DILLON, READ & CO. INC.

DONALDSON, LUPKIN & JENRETTE Securities Corporation

DREXEL BURNHAM LAMBERT Incorporated

A. G. EDWARDS & SONS, INC.

GOLDMAN, SACHS & CO. Incorporated

HAMBRECHT & QUIST Incorporated

KIDDER, PEABODY & CO. Incorporated

MERRILL LYNCH CAPITAL MARKETS

MONTGOMERY SECURITIES

PAINEWEBBER INCORPORATED

PRUDENTIAL-BACHE CAPITAL FUNDING

ROBERTSON, STEPHENS & COMPANY

SALOMON BROTHERS INC

SHEARSON LEHMAN HUTTON INC.

SMITH BARNEY, HARRIS UPRAM & CO. Incorporated

WERTHEIM SCHOEDER & CO. Incorporated

DEAN WITTER REYNOLDS INC.

STEPHENS INC.

1,000,000 Shares

This portion of the offering was offered outside the United States and Canada by the undersigned.

MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON Limited

DRESDNER BANK

GOLDMAN SACHS INTERNATIONAL

KLEINFELDER BENSON Limited

LAZARD FRERES ET CIE

THE NIKKO SECURITIES CO., (EUROPE) LTD.

SALOMON BROTHERS INTERNATIONAL Limited

December 14, 1989

TVS to dispose of minority stake in MTM

By Raymond Snoddy

TVS Entertainment, the independent television company, is expected to send out formal documents within the next couple of weeks offering up to 49 per cent of MTM, its loss-making US production subsidiary.

The company, which holds the ITV franchise for the south of England and is one of the more desirable targets in the coming round of competitive tenders for commercial broadcasting licences, is eager to reduce its exposure on MTM.

TVS bought the Hollywood independent, famous for programmes such as Lou Grant, Hill Street Blues and St Elsewhere, in July last year for \$320m.

MTM has in the past year been hit by a downturn in the US syndication market, the selling of former network shows to independent stations, and the decreasing popularity of one-hour programmes which are MTM's stock in trade.

It is expected to lose between \$16m and \$20m this year.

In October Mr Arthur Price, president, chief executive and one of the founders of MTM announced he was resigning. The decision was followed earlier this month by an announcement that Mr Price was to give up, without compensation, rights to a 10 per cent stake in TVS, which was worth more than £11m at the time of the announcement.

An extraordinary general meeting has been called for December 29 to agree the settlement with Mr Price and his close partner Mary Tyler Moore, the actress after whom the company was named.

At the meeting TVS shareholders will also be able to comment on the decision of the board to increase the salary of Mr James Gatward, the TVS chief executive, from £118,000 to £250,000 from January 1.

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Sir Mark Weinberg resigns directorships

Sir Mark Weinberg has resigned from the boards of BAT Industries and J Rothschild Holdings. The latter is a partner in Royalite which is proposing to bid for BAT.

He will remain a director of Allied Dunbar, part of BAT's insurance operations.

Higgs and Hill gains allies in fight against bid

By Ray Bashford

HIGGS AND HILL has published extracts of letters from leading figures in the housing and construction industry who are supporting its fight for independence.

Senior executives of Stanhope Properties, Land Securities, Regalian Properties, Arlington Securities, the Hammarson Group, Ranelagh Developments and Capital Counties have written to Sir Brian Hill, the chairman, backing the Higgs and Hill board against the £137m takeover offer from YI Lowell, a competitor in the housing and construction industry.

The letter from Mr Stuart Lipton, the chief executive of Stanhope Properties, said: "I

notice with some sadness the bid for your company. I do not know how it will affect you but I do hope that you retain your company's independence."

The extracts are contained in a strongly worded document which again rejects the offer announced last month. Sir Brian said the company has a bigger future contract workload than in the previous 12 months and again argued that the group was well placed to expand further into continental Europe.

Higgs and Hill recently formed a joint venture with Arlington Securities, a subsidiary of British Aerospace, to undertake development projects in France.

StanChart German link

By David Lascelles, Banking Editor

STANDARD Chartered and Westdeutsche Landesbank, West Germany's fourth largest bank, yesterday signed an agreement to together develop their commercial and merchant banking operations.

The deal will enable Westdeutsche to buy 50 per cent of the share capital of Standard Chartered Merchant Bank and 20 per cent of Standard's specialist financing business.

Payment will be through the injection by Westdeutsche into SCMB of its own asset trading, mergers and acquisitions and specialist finance businesses

valued at £16m, and \$87m in cash. The enlarged operation will be renamed Chartered WestLB.

Standard Chartered will also see its European banking business in nine European countries, excluding the UK and Switzerland, to WestLB for their net asset value of over £30m in cash.

Standard Chartered will get £160m net from the transactions and shed about £20m in assets, boosting its total capital ratio by more than 1 per cent.

See Lex

Radio stakes reshuffle continues

By John Ridding

THE RESHUFFLING of stakes in the commercial radio sector continued yesterday with Anglia Television acquiring a further 9 per cent stake in the newly listed Chiltern Radio, EMAP, the publishing group, expanding its investment in Radio Broadlands and Suffolk Group Radio.

Although relatively small, the moves reflect the increased attraction of investments in the sector, the consolidation of commercial radio into geographical groupings and the diversification of ITV contractors into related areas ahead of the competition for new broadcasting franchises.

Anglia Television, which

holds the franchise for the east of England, is paying about £1.5m to double its investment in Chiltern to 18.13 per cent. Anglia, which is barred by IBA regulations from holding more than 20 per cent of a radio company, said it would hold the stake for investment purposes.

About a quarter of the new shares were bought in the market at an average price of 270.45p. Chiltern's shares, which were floated earlier this week at 210p, rose 12p yesterday to 222p.

EMAP is paying a total of about £1.4m to acquire 4.6 per cent and 17.3 per cent respectively of Radio Broadland and Suffolk Group. The purchase,

from Crown Communications, is conditional on IBA approval for Broadland's acquisition of Suffolk and will combine with EMAP's current holding to give it a 19.7 per cent stake in the combined group.

The disposal is in line with Crown's current strategy of concentrating its holdings in the Midlands and south east. Earlier this month it sold its 12 per cent stake in Chiltern Radio to Capital Radio.

Mr Robin Miller, EMAP's chief executive, said that "radio is probably the fastest growing form of media in the UK" and that the City now recognised the "spectacular growth" of the sector.

DIVIDENDS ANNOUNCED

| Company | Current payment | Date of payment | Corres - dividend year | Total last year |
|------------------|-----------------|-----------------|------------------------|-----------------|
| Bristow's | 1.4 | Feb 23 | 1 | 6.5 |
| Brown's | 1.7 | - | 1.36 | 5 |
| Copson (F) | 11 | - | 1 | 4 |
| Dryer | 2.5 | Mar 2 | 2 | 4 |
| F&C Smaller Cos | 0.45 | - | 0.4 | 1.3 |
| Faulstich | 1.85 | - | - | - |
| Greenall Whitley | 5.4 | Feb 2 | 4.5 | 8.7 |
| HFC | 2.3 | Apr 5 | 0.75 | 5.72 |
| Timothy Barber | 0.75 | - | 0.75 | 2.1 |
| West Trust | 0.25 | - | 0.75 | 0.25 |
| Westpool Invest | 0.35 | Feb 10 | 0.35 | 2.54 |
| Yorkshire TV | 8 | - | 8.5 | 11.3 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡US\$4 stock. §Unquoted stock. ¶Third market. ††Plus special first interim dividend of 1.5p. ‡‡Total of 1.45p forecast. †††Includes special 0.5p dividend.

NOTICE OF INTEREST RATE

To the Holders of International Bank for Reconstruction and Development

United States Dollar Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that the above Notes will bear interest for the period from December 15, 1989 to and including March 14, 1990 at a rate per annum of 8.54886% (payable on March 15, 1990 in the amount of \$206.22 in respect of each \$10,000 principal amount of Notes and \$25.54 in respect of each \$250,000 principal amount of Notes).

MORGAN GUARANTY TRUST COMPANY
of New York, Fiscal Agent
Dated: December 20, 1989

UK COMPANY NEWS

Greenall disappoints with £52m after property sales

By Jane Fuller

A 40 PER CENT increase in interest payments flattened the performance of Greenall Whitley, the Warrington-based brewery and hotels business, which - before property sales - saw a profit increase of only 4 per cent for the year to September 29.

Market disappointment was reflected in a 15p drop in the share price to 243p yesterday.

The £5.78m rise in interest payments to £19.96m was partly clawed back through property disposals of £7.71m (£4.61m). Property comprised nearly 15 per cent of the £52.02m pre-tax profit, a 10.5 per cent advance on last year's £47.02m.

Michael Davis, director of finance and planning, said the £168m net borrowings would have pushed gearing to more than 30 per cent had it not been for a revaluation of the pubs, adding £255m to shareholders' funds. Instead it stood at just over 21 per cent.

The main beneficiary of a £73m capital spending programme was the De Vere hotels division. Two more were bought, taking the total to 26, and nearly 29m was spent on the Belfry - the north Warwickshire home of golf's Ryder Cup.

This investment paid off through a growth of more than 31 per cent in the UK hotels' operating profit to £19.68m. This was achieved on turnover up nearly 19 per cent. Higher occupancy levels and room rates improved margins.

But the six US hotels continued to disappoint, making only £310,000 (£1.14m) Merchant Bank through Rowe and Pitman.

Mr Andrew Thomas, group



Christopher Hutton: chairman of Greenall Whitley

managing director, said the head office had been closed and the management contracted out. American franchise names were being sought - which would make the hotels more attractive to potential buyers.

Greenall Whitley is the UK's largest regional brewer with more than 1,800 pubs. Operating profit from the beer business advanced 9 per cent to £40.78m.

The Davenports brewery in Birmingham has been closed, with a loss of 100 jobs. Closure costs of £8.1m were offset in the extraordinary items by a £10.7m surplus on the sale of lingo activities.

Although beer sales were flat, some fizz was added by lager, helped by the brewing of the Canadian Labatt's brand.

Demand for pub meals had also shown a healthy increase.

Mr Davis said that as part of the increased emphasis on licensed catering, 100 pubs and six hotels had been hired off

into a new Premier House division, where sales from food and drink were roughly 50:50, compared with the 25:75 split in a typical pub.

Operating profit in its other drinks and leisure division, including 300 off-licences, showed a like-for-like (excluding bingo) increase of 15 per cent.

Group turnover was up 9 per cent from £455m to £496.96m and earnings per limited voting share - helped by a reduced tax charge - improved by 16 per cent to 28.1p (24.5p).

All the comparisons are slightly weakened by the fact that last year's figures were for 53 weeks.

A final dividend of 5.4p makes a total of 8.7p, a 20 per cent increase.

COMMENT

High UK interest rates have already hit Greenall directly and the double squeeze - perhaps already felt in beer - could increase if business belt-tightening reduces hotel custom. Things should, however, improve in the US, either through the management contractor earning its bacon, or by selling up. While the prospects continue to look cloudy, lager is brighter and the food-backed pub policy seems set for further growth. There is, however, unease at the proportion of profit derived from property sales. If it more than matches this year's figure, overall pre-tax profit is forecast to reach between £57m and £58m, giving a prospective multiple of about 11. Greenall's main attraction is its net assets of 653p per share, but takeover prospects are clouded by effective family control.

Another suitor for Carron

By Jane Fuller

ANOTHER potential bidder has emerged for Carron Phoenix, the Falkirk-based sink manufacturer which on Monday announced that it had agreed to a takeover proposal from Groupe Béné, a private French company.

The unnamed possible rival has met Carron Phoenix's management to ask for further information about the trading position. Its adviser Brown, Shipley said if there were an offer, it would be in cash.

Béné's cash offer of 60p per share values the USM-quoted company at £6.5m.

Carron's share price yesterday rose 10p to 68p.

Tinsley Robor declines 30% to £0.63m

Tinsley Robor, a printing and packaging group, reported a 30 per cent fall in profits from £283,000 to £202,000 for the six months to end-September.

However, the company said that trading had shown some improvement but it was too early to say to what extent this would be maintained.

Directors said that it became apparent early in the year that the machinery division would not meet budgeted sales or margins and a number of options were being considered including disposal.

Turnover slipped to £17.5m (£18.02m) for lower operating profit of £625,000 (£1.22m).

Earnings per share were 1.45p (2.55p) and the interim dividend is maintained at 0.75p.

NEWS DIGEST

German Smaller to raise £13m

GERMAN SMALLER Companies Investment Trust is to raise some £13.2m net of expenses via a placing and an open offer.

The new ordinary shares and warrants have been conditionally placed, subject to clearance by Lloyd's Merchant Bank through Rowe and Pitman.

A total of 6.25m new ordinary and 1.05m new warrants are being issued in units comprising five new ordinary and one new warrant at £12.50 per offer unit.

Ordinary shareholders and warrant holders are being given the opportunity to apply for the offer units at the placing price on the basis of seven offer units for every 100 ordinary or 100 warrants held on December 12.

F&C Smaller nav rises to 102.1p

The net asset value of F&C Smaller Companies, investment trust, was 102.1p at October 31 - up from 82.7p a year earlier.

Net revenue for the six months to end-October amounted to £361,000 (£749,000) and earnings per share worked through at 1.05p (0.83p). The interim dividend is raised to 0.45p (0.4p) with a forecast total of 1.45p (1.3p).

Harmony Leisure down to £134,000

Reduced pre-tax profits of £134,000 against last time's £258,000 were announced by Harmony Leisure Group, a USM-quoted manager of restaurants and public houses, for

the half-year to October 1 1989. At the March 31 year-end losses amounted to £128,000.

Turnover advanced to £4.85m (£3.97m) with operating profits at £274,000 (£251,000). The company does not declare an interim dividend, but directors are anticipating a final payment. Earnings came through at 0.87p (0.72p) per 5p share.

Investment in two hotels caused gearing to rise from nil to 20 per cent. That was reflected in an interest charge of £140,000 (£7,000 credit).

Titagaur Jute back in black

The Titagaur Jute Factory, the Calcutta-based company which manufactures a variety of goods from jute, reported a net profit of £1.7m in the nine months to end-March 1989.

This compared with a loss of £6.77m last time but included an exceptional item - comprising credit balances written back - totalling £3.5m (nil).

Turnover in the period fell by some £7m to £18.78m. Earnings per £1 share worked through at 73.18p (476.41p loss).

Net assets lower at Hambros Advanced

Hambros Advanced Technology Trust reported net asset value of 123p at September 30, compared with 197p a year earlier. The company said that almost all of the fall was the result of paying a special dividend of 65p following the sale of about 8m shares in Rascal Electronics.

In the week to the end of September net receipts were £220,000 (£146,000 deficit). During the period there was a transfer from reserves of £14.45m and the special dividend absorbed £12.5m. Earnings per share came out at 0.11p (0.76p losses).

Strata net assets rise to 169.8p

Net assets at Strata Investments, an investment trust, were 169.8p at October 31 - up from 147.1p a year earlier.

Assuming the full conversion of warrants the figures were 163.5p (142.8p).

Net revenue for the year to end-October amounted to £272,000 (£170,000). Earnings improved from 1.11p to 1.67p and the single dividend for the year is raised to 1.15p (0.7p).

Kleinwort Charter nav ahead 27%

A 27 per cent increase to 191.4p in net asset value at November 30, against 150.2p 12 months earlier, was revealed by the results of Kleinwort Charter Investment Trust.

Total income for the year to end-November was up from £6.14m to £8.12m. Management and administration expenses and interest payable rose from £1.77m to £2.03m and tax charged was £1.64m (£1.7m), leaving earnings of 5.46p (3.91p).

The final dividend is a proposed 3.175p (2.3p) making a total of 4.25p (3.25p).

Brunner asset value sharply up to 198.8p

Net asset value of Brunner Investment Trust rose from 141.5p to 198.8p in the year to November 30.

Total income increased from £5.61m to £5.78m. Deducting administration expenses of £236,000 (£435,000), interest of £1.58m (£2.38m) and tax of £913,000 (£782,000) earnings per share were left at 4.25p (3.26p). A final dividend of 2.05p (1.7p) is proposed making 3.75p (3.1p).

Headlam to buy Cadogan Oakley

Headlam Group, the footwear

maker, is acquiring Cadogan Oakley, a private company whose activities include manufacture of men's accessories and upholstered furniture.

The payment, in two tranches, will comprise a maximum 25m new Headlam shares, with the initial consideration likely to consist of 16m shares. The tranches will be based on pre-tax profits of both groups this year and next.

Dealings in Headlam shares were suspended on Friday at 7.30p. There will be no resumption of trading before April 1990.

Dividend rise at River Plate & Gen

Net asset value per capital share of The River Plate & General Investment Trust stood at 166.8p at October 31 1989. At the last year-end it was 168.6p.

Net revenue for the 12 months to end-October amounted to £4.17m (£3.68m). After expenses and interest charges totalling £569,000 (£529,000) and tax of £1.46m (£1.34m) earnings per income share came out at 7.73p (6.78p).

A final dividend of 4.7p (3.6875p) makes a total for the year of 7.7p (6.6675p).

Net assets improve at TR Technology

The net asset value of TR Technology, an investment trust, stood at 149.7p at October 31 - up from 98.4p a year earlier.

Results for the six months to that date showed net revenue up from £1.46m to £1.54m, leaving earnings per share at 1.61p, up from 1.51p last time.

The trust does not declare an interim dividend, but directors expect to pay a dividend for the year of not less than last time's 1.5p.

Strong advance at Booth Industries

Booth Industries, the steel engineering and design group, lifted taxable profits to £261,696 in the six months to September 30 1989.

The outcome, an increase of some 46 per cent on the £241,703 achieved in the corresponding period of last year, was achieved on turnover ahead to £14.15m (£13.31m).

An interim dividend of 0.7p (0.8p) is payable from earnings of 5.72p (3.53p) per share.

Steel Burrill sells agency

Steel Burrill Jones Group, the insurance broker, is to sell a Lloyd's members' agency representing members of Lloyd's of London who put up capital to CI de Rougemont Holdings, for £1.62m.

The members' agency, Crookford Devitt Underwriting Agencies, was purchased in May this year as part of the acquisition of the Devitt Group.

Steel Burrill Jones said yesterday, however, that it had always intended to sell the agency which did not fit the group's long-term plans.

The WCRS Group plc

has acquired the remaining 50% of

Carat Holding

The undersigned acted as financial adviser to The WCRS Group plc and assisted in the negotiations.

Salomon Brothers International Limited

December 1989

The WCRS Group plc

has sold a 40% interest in

WCRS Advertising Limited

and a 9% interest in

Groupe Bélier WCRS

Eurocom SA

The undersigned acted as financial adviser to The WCRS Group plc and assisted in the negotiations.

Salomon Brothers International Limited

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New Issue / December 1989

72,000,000

9% Guaranteed Redeemable Convertible Preference Shares 2004 of paid up value £1 each

WCRS (Netherlands Antilles) Finance N.V.

guaranteed on a subordinated basis by, and convertible into ordinary shares of,

The WCRS Group plc

The securities were underwritten and distributed outside the United Kingdom by the undersigned.

Salomon Brothers International Limited

- | | |
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| Banque Indosuez | Crédit Commercial de France |
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| Salomon Brothers International Limited | James Capel & Co. Limited |
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DEFENCE

The Financial Times proposes to publish a Survey on the above on

17th January 1990

For a full editorial synopsis and advertisement details, please contact:

Ian Ely-Corbett

on 01-873 3389

or write to him at:

Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Yorkshire TV ahead 15% to over £18m

COMMENT

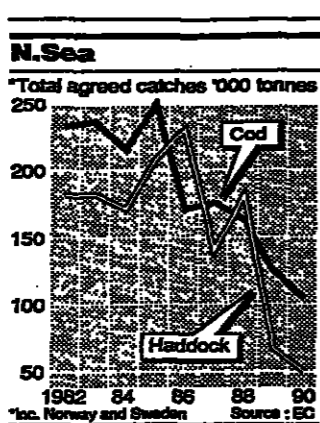
contin

COMMODITIES AND AGRICULTURE

Brussels compromises on fishing quota reductions

By Tim Dickson in Brussels

THE BITTER pill of sharply lower catches for the North Sea fishing fleet was partially sugared yesterday by a compromise package of 1990 fishing quotas agreed by the 12 member states of the European Community.



SCOTTISH FISHERMEN, who account for most of the UK catch, yesterday reacted with resignation to the quota agreement written by James Broxton in Edinburgh.

This week's talks took place in an atmosphere of growing crisis in the Community's fishing industry with all sides fully aware that there were too many fishermen chasing a diminishing number of fish.

The EC share of the North Sea haddock quota for 1990 will be 41,700 tonnes (UK share 36,250) against 62,500 tonnes for this year.

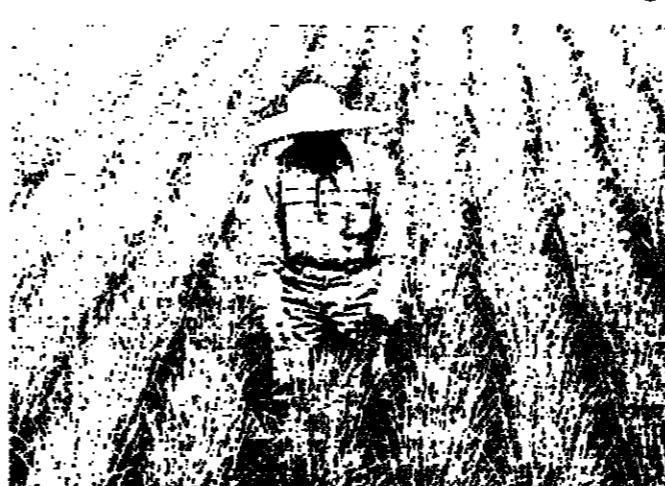
the scientists said in the first place," said Mr Iain MacSween of the Scottish Fishermen's Organisation.

The principle was finally accepted by the Commission, but the quantities involved in this exercise were cut from 35,000 tonnes in 1989 to 25,000 tonnes in 1990.

Heroes and villains in Japan's paddy war

Rice rebels anger the authorities but are lionised by consumers, reports Stefan Wagstyl

RICE, A gift from the gods in Japanese legend, has proved a mixed blessing for the people of Ogata village, in northern Japan.



Many Japanese farmers sell some rice on the black market.

They are some of Japan's wealthiest farmers, rich enough to afford foreign holidays and sports cars and to consider building their own golf course.

Some of the Ogata rebels are the wind-swept rice-paddies of the free market and rail against the power of the Japanese bureaucracy.

Ogata was intended to be when it was built on land reclaimed from a large lake in the 1950s and 1960s.

this is still not enough. Farmers elsewhere in Japan say Ogata is already getting more than its fair share of the benefits of the national rice policy.

monopoly could not be enforced. Mr Tadashi Kurose, one of the rebels' ring-leaders, says he is still harassed by local agriculture ministry officials.

US group boosts Indonesian copper investment

By John Murray Brown in Jakarta

FREEPORT McMoran, the US-based mining concern, is doubling its investment in an Indonesian copper mine as part of a corporate restructuring.

Fuji Bank of Japan. The agreement, which is at 1.25 per cent over Libor, is an non-recourse term where project revenues act as collateral for the lenders.

month. The New Orleans-based minerals group announced a planned asset shake-up involving the sale of \$1.5bn worth of gold, oil and gas interests in North America.

gold producer, exporting 2.8 million tonnes. Today Ertsberg is the country's only copper development. It was originally the only wholly foreign owned investment in Indonesia.

Nigerian cocoa export ban denied. Military Government has denied a report that it is to impose a ban on the export of raw cocoa beans, reports Reuters from Lagos.

WEEKLY METALS PRICES

Table listing weekly metal prices for various commodities including Cobalt, Mercury, Bismuth, Cadmium, and Uranium, with columns for price per unit and change.

WORLD COMMODITIES PRICES

Table of world commodity prices for items like Aluminum, Copper, Nickel, Tin, Zinc, Lead, and various oils, showing prices in different units and currencies.

US MARKETS

Table showing US market prices for metals and other commodities, including Gold, Silver, and various grades of copper.

LONDON MARKETS

Table of London market prices for commodities such as Cocoa, Coffee, Sugar, and various oils.

SPOT MARKETS

Table of spot market prices for various commodities including Premium Gasoline, Diesel, and various oils.

COFFEE - London POKE

Table of coffee prices in London, listing different grades and their prices.

SOYABEAN MEAL - BIFFE

Table of soyabean meal prices, showing different grades and their prices.

SOYABEAN OIL - BIFFE

Table of soyabean oil prices, showing different grades and their prices.

WHEAT 5,000 lb mtr; cents/50lb-bushel

Table of wheat prices, showing different grades and their prices.

COCONUT OIL (Philippines)

Table of coconut oil prices from the Philippines, listing different grades.

COFFEE - London POKE

Table of coffee prices in London, listing different grades and their prices.

SOYABEAN MEAL - BIFFE

Table of soyabean meal prices, showing different grades and their prices.

SOYABEAN OIL - BIFFE

Table of soyabean oil prices, showing different grades and their prices.

WHEAT 5,000 lb mtr; cents/50lb-bushel

Table of wheat prices, showing different grades and their prices.

FT FRANCE advertisement for Benjamin Hughes Marie-Thérèse VIEVILLE, providing contact information for Paris and Rhône-Alps regions.

BUSINESS SOFTWARE advertisement for Simon Enefer, offering software packages for businesses.

LONDON STOCK EXCHANGE

Wall Street news upsets UK equities

AN ATTEMPT by London's equity market to rally from an early depression caused almost entirely by Wall Street's overnight performance was demolished later in the day when the US stock market embarked on another downward slide...

Account Dealing Dates table with columns for First Dealing, Option Expirations, Last Dealings, and Annual Dates.

sharp increase in bid and breakfast activity as the year end looms. Among a host of sizeable individual trades showing up on the Seaq ticker were 2.5m Sears, 2.1m British & Commonwealth, trades of 5.8m and 6.8m in Nest, 3.7m Buzzi and trades of 2.7m and 2.5m in Storehouse.

pany's brokers, BZW, to pick up more stock in the market. The water stocks, after their outstanding performance triggered by the stakeholding by Lyonnaise des Eaux, encountered a flurry of selling by private individuals anxious to reap some of the big profits available in the stocks.

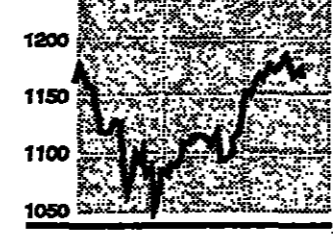
FINANCIAL TIMES STOCK INDICES table with columns for Government Secur, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, and other indices.

Two-way trade in Asda

A strong two-way pull developed in Asda taking turnover in the stock to among the highest in the market. Activity began in the traded options market where Asda led the list of active lots for the entire day...

were still underweight and that there had been some arbitrage by marketmakers between book positions and the package unit.

FT-A All-Share Index



Equity Shares Traded

Table showing turnover by volume (million) for various sectors like Pharmaceuticals & Chemicals, etc.

ness price is driven by events in France - the company owns 24 per cent of the French luxury goods group LVMH, which has only 12 per cent of Guinness. Both companies have said they want the cross-holding to be symmetrical...

institutional shareholder about the recent trading performance, while its much larger rival WFP slipped 14 to 68p on fears that a long standing client of Orlivy & Maier, acquired earlier this year, was reviewing its £10m a year contract.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume in major stocks including AOL, Anglo Group, Anglo Irish, etc., with columns for Volume, Price, and Change.

Traders' initial suspicions were that the Canadian Belgers brothers were topping up their stake of more than 5 per cent, or that a third party was buying at an average price far below that paid by the Belgers. But some preferred a more prosaic explanation...

Another victim was the Satchi & Satchi share price, 14 off at 249p with volume swollen by what dealers assumed to be bid and break-trade deals.

moves which could be construed as being against the oil companies' interests, but that their impact on profitability would be small. BZW suggested that the report may recommend that oil companies be prevented from increasing the number of service stations...

British Aerospace fell 11 to 68p in profit taking and it was slightly ahead of expectations although, as Mr Mark Sheppard research analyst at UBS Phillips & Drew, pointed out, Christie's sales figures are easy to track.

Another said that there had been strong two-way trade for a while, some investors had decided that a p/e of just over five was a bit tough for even a relatively unattractive company. He said he expected the FKI price to get nearer to a pound. Amid the swirl of speculation BTR closed 4 lower at 46p.

Water sellers

As share certificates in the water companies started dropping on the doomsday of petrol investment, yesterday 50 turnovers jumped and the prices fell sharply.

Some analysts reckon that the report, which can be published any time after it has gone to the DTI, would contain new highs and lows for 1989.

advertising agency Yellowhammer has 10 to 71 as dealers, said the company was briefing

FT LAW REPORTS

No duty owed to husband on sale of wife's property

PARKER-TWEEDALE v DUNBAR PLC AND OTHERS. Court of Appeal (Lord Justice Nourse, Lord Justice Mummery, and Lord Justice Goff).

had notice, an independent legal adviser could be obtained at a proper price and above the duty owed to the wife as mortgagor.

APPOINTMENTS

Mr Tom Toner has been appointed non-executive chairman of the organic division of BAE plc, a subsidiary of the West German company...

Mr Charles Mullins has been appointed to the boards of both Tovy Law (Pension Consultants) and Tovy Law (Pension Services). Overall, he is responsible for Tovy Law's pensions division in Scotland.

Dr Michael Hughes has been appointed director of the organic division of BAE plc, a subsidiary of the West German company...



Mr. Michael Hughes has been appointed director of the organic division of BAE plc, a subsidiary of the West German company.

Company secretary of BICC

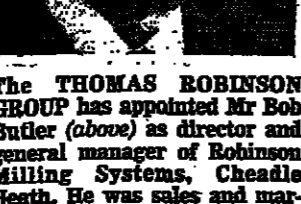
Mr Stuart Murray has been appointed company secretary of BICC from March 1. He rejoins the company from Searns where he was company secretary. Previously he was assistant secretary at BICC.

Mr Ian Stewart, MP, has been appointed non-executive director of STANFORD CHARTERED from January 1. He was Minister of State for Northern Ireland until his retirement from Government last July.

Mr C.J. Evans, group personnel manager, has been promoted to assistant group general manager (personnel) at ROYAL INSURANCE from January 1.

Mr Michael McLoughlin has been appointed executive director of CO-OPERATION IRELAND. U.K. He was general manager - Britain, Bank of Ireland.

The THOMAS ROBINSON GROUP has appointed Mr Bob Butler (above) as director and general manager of Robinson Milling Systems, Cheshire Heath. He was sales and marketing director.



The THOMAS ROBINSON GROUP has appointed Mr Bob Butler (above) as director and general manager of Robinson Milling Systems, Cheshire Heath.

Mr Cameron M. McKay, managing director of Plasmeac Systems, has been appointed to the board of the parent company, PLASMEAC.

Mr Jeffrey Green and Mr Peter Dobbs have been appointed chairman and managing director, respectively, of NICHOLSON CHAMBERLAIN COLLS SPECIAL RISKS, a new subsidiary of Nicholson Chamberlain Colles Lloyd's insurance broking group.

Mr Arthur Dykes, managing director, protective equipment division, has been appointed to the board of BLAGDEN INDUSTRIES.

Mr Rowan Hill has been appointed national accounts manager, sales aid (a new post), at BARCLAYS MERCANTILE BUSINESS FINANCE, part of Barclays Bank Group.

Mr James Barrett has been appointed chief executive of HENRY BARRETT GROUP from January 1. He continues as managing director of the steel services division. Mr Guy

Barrett, chairman, becomes non-executive chairman on March 17.

Mr Jeffrey Green and Mr Peter Dobbs have been appointed chairman and managing director, respectively, of NICHOLSON CHAMBERLAIN COLLS SPECIAL RISKS, a new subsidiary of Nicholson Chamberlain Colles Lloyd's insurance broking group.

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FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-928-8128

AUTHORISED UNIT TRUSTS

Abbey Unit Trust Managers Ltd (02000H)

Table listing various unit trusts under Abbey Unit Trust Managers Ltd, including names like Abbey Bond, Abbey Growth, and Abbey Income, with columns for unit price and other details.

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GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including details on net asset value, unit price, and how to calculate the price of a unit.

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هنا صد اناصل

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, and other details. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (SB REGISTERED)'.

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FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, including sections for ISLE OF MAN, LUXEMBOURG, and OTHER OFFSHORE FUNDS. Each section lists various unit trusts with their respective performance metrics and details.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for BRITISH FUNDS, BRITISH FUNDS - Cont'd, LOANS, AMERICANS, and Money Market Trust Funds. It provides detailed information on various investment funds and their performance.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-225-2128

AMERICANS - Contd

Table listing American companies such as Amgen, Amstar, and Amstar Chemical, with columns for stock price, bid, offer, and P/E ratio.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and roads companies like Bovis Lend Lease, Bovis Lend Lease Group, and Bovis Lend Lease International.

DRAPERY AND STORES - Contd

Table listing drapery and stores companies such as Debenhams, Debenhams Group, and Debenhams International.

ENGINEERING - Contd

Table listing engineering companies like Balfour Beatty, Balfour Beatty Group, and Balfour Beatty International.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial companies including Amgen, Amstar, and Amstar Chemical.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial companies including Amgen, Amstar, and Amstar Chemical.

CANADIANS

Table listing Canadian companies such as Alcan, Alcan Aluminum, and Alcan International.

Chemicals, Plastics

Table listing chemical and plastic companies like Amgen, Amstar, and Amstar Chemical.

Electricals

Table listing electrical companies such as Amgen, Amstar, and Amstar Chemical.

Food, Groceries, etc

Table listing food and grocery companies like Amgen, Amstar, and Amstar Chemical.

Hotels and Caterers

Table listing hotels and caterers companies such as Amgen, Amstar, and Amstar Chemical.

Insurance

Table listing insurance companies like Amgen, Amstar, and Amstar Chemical.

Banks, HP & Leasing

Table listing banks, HP, and leasing companies such as Amgen, Amstar, and Amstar Chemical.

Chemicals, Plastics

Table listing chemical and plastic companies like Amgen, Amstar, and Amstar Chemical.

Drapery and Stores

Table listing drapery and stores companies such as Amgen, Amstar, and Amstar Chemical.

Engineering

Table listing engineering companies like Amgen, Amstar, and Amstar Chemical.

Industrial (Miscel.)

Table listing various industrial companies including Amgen, Amstar, and Amstar Chemical.

Insurance

Table listing insurance companies like Amgen, Amstar, and Amstar Chemical.

Beers, Wines & Spirits

Table listing beer, wine, and spirit companies such as Amgen, Amstar, and Amstar Chemical.

Drapery and Stores

Table listing drapery and stores companies such as Amgen, Amstar, and Amstar Chemical.

Engineering

Table listing engineering companies like Amgen, Amstar, and Amstar Chemical.

Hotels and Caterers

Table listing hotels and caterers companies such as Amgen, Amstar, and Amstar Chemical.

Industrial (Miscel.)

Table listing various industrial companies including Amgen, Amstar, and Amstar Chemical.

Insurance

Table listing insurance companies like Amgen, Amstar, and Amstar Chemical.

Building, Timber, Roads

Table listing building, timber, and roads companies like Bovis Lend Lease, Bovis Lend Lease Group, and Bovis Lend Lease International.

Chemicals, Plastics

Table listing chemical and plastic companies like Amgen, Amstar, and Amstar Chemical.

Drapery and Stores

Table listing drapery and stores companies such as Amgen, Amstar, and Amstar Chemical.

Engineering

Table listing engineering companies like Amgen, Amstar, and Amstar Chemical.

Industrial (Miscel.)

Table listing various industrial companies including Amgen, Amstar, and Amstar Chemical.

Insurance

Table listing insurance companies like Amgen, Amstar, and Amstar Chemical.

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LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

LEISURE table with columns for Stock, Price, and % Change. Includes companies like Leisure Group, Leisure Leisure, and Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd table with columns for Stock, Price, and % Change. Includes companies like Paper Publishing, Paper Publishing, and Paper Publishing.

PROPERTY table with columns for Stock, Price, and % Change. Includes companies like Property Development, Property Development, and Property Development.

TRANSPORT table with columns for Stock, Price, and % Change. Includes companies like Transport Services, Transport Services, and Transport Services.

TRUSTS, FINANCE, LAND - Contd table with columns for Stock, Price, and % Change. Includes companies like Finance Trusts, Finance Trusts, and Finance Trusts.

OIL AND GAS - Contd table with columns for Stock, Price, and % Change. Includes companies like Oil & Gas, Oil & Gas, and Oil & Gas.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, and % Change. Includes companies like Motors, Motors, and Motors.

PROPERTY table with columns for Stock, Price, and % Change. Includes companies like Property Development, Property Development, and Property Development.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, and % Change. Includes companies like Finance Trusts, Finance Trusts, and Finance Trusts.

OVERSEAS TRADERS table with columns for Stock, Price, and % Change. Includes companies like Overseas Traders, Overseas Traders, and Overseas Traders.

PLANTATIONS table with columns for Stock, Price, and % Change. Includes companies like Plantations, Plantations, and Plantations.

MINES - Contd table with columns for Stock, Price, and % Change. Includes companies like Mines, Mines, and Mines.

NEWSPAPERS, PUBLISHERS table with columns for Stock, Price, and % Change. Includes companies like Newspapers, Newspapers, and Newspapers.

PROPERTY table with columns for Stock, Price, and % Change. Includes companies like Property Development, Property Development, and Property Development.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, and % Change. Includes companies like Finance Trusts, Finance Trusts, and Finance Trusts.

FINANCE, LAND, etc table with columns for Stock, Price, and % Change. Includes companies like Finance, Finance, and Finance.

Central, Eastern, Far West, O.F.S., Diamond and Platinum, Central African, Finance, Australians table with columns for Stock, Price, and % Change.

NOTES table with columns for Stock, Price, and % Change. Includes companies like Notes, Notes, and Notes.

PAPER, PRINTING, ADVERTISING table with columns for Stock, Price, and % Change. Includes companies like Paper Publishing, Paper Publishing, and Paper Publishing.

SHOES AND LEATHER table with columns for Stock, Price, and % Change. Includes companies like Shoes and Leather, Shoes and Leather, and Shoes and Leather.

SOUTH AFRICANS table with columns for Stock, Price, and % Change. Includes companies like South Africans, South Africans, and South Africans.

WATER table with columns for Stock, Price, and % Change. Includes companies like Water, Water, and Water.

OIL AND GAS table with columns for Stock, Price, and % Change. Includes companies like Oil & Gas, Oil & Gas, and Oil & Gas.

REGIONAL & IRISH STOCKS table with columns for Stock, Price, and % Change. Includes companies like Regional & Irish Stocks, Regional & Irish Stocks, and Regional & Irish Stocks.

TEXTILES table with columns for Stock, Price, and % Change. Includes companies like Textiles, Textiles, and Textiles.

TOBACCO table with columns for Stock, Price, and % Change. Includes companies like Tobacco, Tobacco, and Tobacco.

PROPERTY table with columns for Stock, Price, and % Change. Includes companies like Property Development, Property Development, and Property Development.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, and % Change. Includes companies like Finance Trusts, Finance Trusts, and Finance Trusts.

TRADITIONAL OPTIONS table with columns for Stock, Price, and % Change. Includes companies like Traditional Options, Traditional Options, and Traditional Options.

PROPERTY table with columns for Stock, Price, and % Change. Includes companies like Property Development, Property Development, and Property Development.

DISCLAIMER AND FOOTNOTES: This service is available to every Company that is on Stock Exchanges throughout the United Kingdom for a fee of £265 per annum for each company.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Speculation surrounds the yen

THE YEN was firmer yesterday after speculation in Japanese newspapers that the Bank of Japan planned to raise the discount rate by half a percentage point this week.

the elections to the Lower House of the Diet, expected in February, with another half point increase afterwards. He said the expectation of higher rates would put a floor under the yen until then and could push it higher once they are out of the way.

Reserve's Open Market Committee, which met Monday and yesterday, the dollar closed at DM1.7975 from DM1.7265, at Y143.85 from Y144.10, at SF1.2610 from SF1.2410, and at FF9.5350 from FF9.5875.

STERLING INDEX

Table with columns for Dec 19, Last, Previous Close. Rows include 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table with columns for Dec 19, Bank of England, Market. Rows include Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns for Dec 19, Bank of England, Market. Rows include Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns for Dec 19, £, \$, DM, etc. Rows include Argentina, Australia, Brazil, etc.

MONEY MARKETS

Quiet trading

UK money market rates were little changed yesterday in quiet pre-holiday trading as sterling held firm. Dealers said the money markets had sufficient liquidity to maintain current rate levels over the Christmas period.

The key three-months interbank rate was unchanged from Monday at 15 1/2 per cent, while in the futures market the

EURO-CURRENCY INTEREST RATES

Table with columns for Dec 19, Short term, 7 days, One month, Three months, Six months, One year.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns for Dec 19, Day's spot, Close, One month, Three months, Six months, One year.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns for Dec 19, Close, One month, Three months, Six months, One year.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Dec 19, Close, % change from Dec 19, % change from previous day, Discrepancy limit %.

EXCHANGE CROSS RATES

Table with columns for Dec 19, £, DM, Yen, F Fr, S Fr, H Fl, Lin, C S, B Fr.

FT LONDON INTERBANK FIXING

Table with columns for 11.00 a.m. Dec 19, 3 months US dollars, 6 months US dollars.

MONEY RATES

Table with columns for Dec 19, Overnight, One month, Three months, Six months, Limited intervention.

LONDON MONEY RATES

Table with columns for Dec 19, Overnight, 7 days, One month, Three months, Six months, One year.

NEW YORK

Table with columns for Dec 19, One month, Three months, Six months, One year.

CHICAGO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include U.S. Treasury Bills, U.S. Treasury Bonds, etc.

JAPANESE YEN DEMO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include 12-month, 6-month, 3-month.

DEUTSCHE MARK DEMO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include 12-month, 6-month, 3-month.

THREE-MONTH EURO-DOLLAR DEMO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include 12-month, 6-month, 3-month.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG-TERM FUTURES OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

LIFFE 5% TREASURY BOND FUTURES OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

LIFFE BOND FUTURES OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

LIFFE 6% OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

LIFFE EURO-DOLLAR OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

LIFFE SHORT-TERM OPTIONS

Table with columns for Strike, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, 130, 140, 150.

U.S. TREASURY BILLS DEMO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include 100, 110, 120, 130, 140, 150.

U.S. TREASURY BONDS DEMO

Table with columns for Dec 19, Last, High, Low, Prev. Rows include 100, 110, 120, 130, 140, 150.

U.S. TREASURY BOND DEMO

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COMPANY NOTICES

UOB SUPER ECU FUND MANAGEMENT COMPANY S.A. Notice to UOB SUPER ECU FUND unitholders. The Board of Directors of the UOB SUPER ECU FUND MANAGEMENT COMPANY S.A. informs the UOB SUPER ECU FUND unitholders that the new Management Regulations approved by the Board of Directors...

HONDA MOTOR CO., LTD. European Depository Receipts issued by Morgan Guaranty Trust Company of New York. A distribution of \$0.455 per depositary share less any applicable taxes will be payable on and after December 20, 1989...

AVIATION IN ASIA THE PACIFIC. The Financial Times proposes to publish this survey on 28th February 1990. For a full editorial, synopsis and advertisement details, please contact: PENNY SCOTT on 01-873 3595...

IG INDEX. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233. AFB member. FTSE 100 Dec. 2340/2350 +10 Jan. 2690/2702 -10 Dec. 2355/2365 +10 Mar. 2702/2714 -13 5pm Prices. Change from previous 9pm close.

JOTTER PAD. A person coping with a trying job (10). A person coping with a trying job (10). A person coping with a trying job (10).

CROSSWORD

No.7,120 Set by VIXEN

Crossword puzzle grid with numbers 1-27 indicating starting positions for clues.

ACROSS 1 Take off from lower ground? (3) 2 Abandon an over-dry area (3) 3 Beautiful homes - and otherwise (8) 4 Wear for formal occasions, which includes work (3,3) 5 Japanese may be getting into real chaos (8) 6 "No beast so - but knows some touch of pity" (Shakespeare) (6) 7 A person coping with a trying job (10) 8 Rub out a thin line, a mistake having been made (10) 9 A ruthless man in the City run things his way (8) 10 Make notes about cunning back moving quickly (8) 11 Lay down track (6) 12 Casual wear for town (6) 13 Drop in animal treatment by the vet? (6) 14 Family conflict to some end (8) 15 Instruct as a group in the main (6) 16 The desperado is a party to (6) 17 One need to be in an organisation that's on the up and up (6) 18 Like a little company and many a story (10) DOWN 1 Self-centred people get so - it's quite dreadful (8) 2 7 Heavily present for use inside and elsewhere (8) 3 Note the revolutionary may well appear restrained (8) 4 Where one first saw the light (10) 5 Nourishment for those on a strict diet? (4,4) 6 Enters without asking permission, so is turned out (8) 7 Fine monarch's judgment (6) 8 Took food outside to finish when repelled (6) 9 Though mean, gain very little (6) 10 Things to be seen to requiring time and trouble (6) Solution to Puzzle No.7,119

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هنگامی که احوال

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, France, Germany, Italy, Netherlands, Norway, Spain, South Africa, and Japan. Columns include stock names, prices, and changes.

CANADA

Table of Canadian stock market data, including Toronto and Montreal closing prices for various stocks and indices.

INDICES

Table of financial indices for New York, Dow Jones, Standard and Poor's, and other regional indices.

Table of stock market data for various countries including Australia, France, Germany, Italy, Netherlands, Norway, Spain, South Africa, and Japan. Columns include stock names, prices, and changes.

Table of stock market data for various countries including Australia, France, Germany, Italy, Netherlands, Norway, Spain, South Africa, and Japan. Columns include stock names, prices, and changes.

Advertisement for 'Travelling by air on business?' featuring a list of airlines and flight services.

Large advertisement for 'Keep the world in focus.' featuring a graphic of a camera lens and text promoting the Financial Times' global perspective.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for High, Low, Stock, and Price. Includes a detailed list of stock prices and a section for AMEX Composite Prices at the bottom.

NASDAQ NATIONAL MARKET

2pm prices December 19

Table of NASDAQ National Market prices, listing various stocks and their corresponding prices.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices, showing stock prices for the American Stock Exchange.

Advertisement for FT hand delivered in Turkey, listing cities like Ankara, Adana, and Istanbul, with contact information for Istanbul 5120190/10 lines.

Advertisement for Scandic Crown Hotel, mentioning complimentary copies of the Financial Times and contact details.

WORLD STOCK MARKETS

AMERICA

Dow musters a recovery after early falls

Wall Street

CONTINUED selling of financial stocks and profit-taking on overpriced consumer non-cyclicals pushed the Dow Jones Industrial Average down by about 30 points yesterday morning, but then the market rebounded to stand only a little lower at mid-session, writes Janet Bush in New York.

ASIA PACIFIC

Nikkei trims losses as rate fears resurface

Tokyo

SPECULATION about an increase in Japan's official discount rate jolted the market initially, but heavy losses were trimmed by active buying, which again offset the Nikkei index substantial support, writes Michiyuki Nakamoto in Tokyo.

Share prices plunged more than 335 points in the first quarter of an hour of trading on reports that the Bank of Japan planned to raise the official discount rate for the third time this year.

Arbitrage buying minimised the losses, and the Nikkei closed 147.08 lower at 38,438.10.

rency, said that he was surprised by these fears and that investors did not appear to be differentiating between financial institutions with exposure and those with none.

The heavy selling in the first 1 1/2 hours of the session yesterday reacted to concerns that Monday's plunge could presage a more prolonged decline. According to Mr Newton Zinder, technical strategist at Shearson Lehman Hutton, that decline was the broadest since October 13 and volume on Monday was the heaviest it has been since the dramatic recovery on October 16.

There was another major reversal of recent fortunes. Consumer non-cyclicals, which have been favoured all year, lost out to industrial stocks, which have increasingly begun to be regarded as undervalued in comparison.

By contrast, International Business Machines, which has been trading at its lowest level since 1983, jumped 1 1/4% to \$94. Among other industrial stocks, International Paper added 3/4% to \$37, Du Pont rose 1 1/4% to \$23 1/2, and USX gained 3/4% to \$34.

report that the company would pay Eastern Airlines as much as \$500m for its Latin American routes and other assets of Texas Air. Eastern's parent, Texas Air, fell 1 1/4% following Eastern's announcement that it expects a \$250m loss for the fourth quarter.

Among banks, the Bank of Nova Scotia dipped 3/4% to C\$15 1/4, the Bank of Montreal lost C\$1 to C\$32 1/2, and the Canadian Imperial eased C\$1 to C\$31 1/4.

EUROPE

Frankfurt reaps benefits of nervousness over US

WORRIES about the American economy and Wall Street's sharp decline on Monday coloured trading on the Continent yesterday. Frankfurt benefited from a migration of buyers from the US to West Germany, but most markets ended lower in nervous trading, writes Our Markets Staff.

PARIS was hampered by nervousness about the US. Share prices opened lower and recovered throughout the day, before declining again on the news that Wall Street was once more in retreat. The CMC 30 index closed 3.59 lower at 527.71 in modest trading.

PROMISED investment in Turkey through a new Mediterranean Fund spurred the Istanbul stock exchange yesterday - its highest level since the bourse's relaunch in 1985, writes Jim Bodgener in Ankara.

The fund's purchases kicked off with a TL2.6bn purchase of shares in the leading private sector Koc Group last Wednesday. Purchases of shares in other top companies, including Istanbul stock exchange leader Eregli Iron and Steelworks, a day later totalled TL1.1bn.

Vienna toasts a prosperous 1989

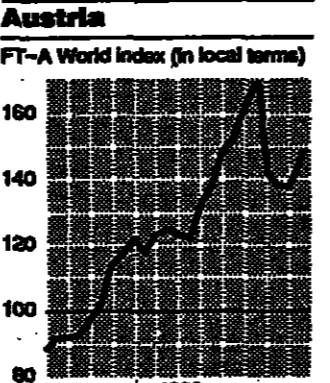
Judy Dempsey finds that the Austrian economy is in good spirits

AS Christmas approaches, the books are just about closed in Vienna. The bourse's trading hall is quiet. The traders are partially preoccupied with the help of Schlager, as they look back at the market's successful year and consider the prospects for 1990.

reize them upwards to 30 per cent," says Mr Peter Zelnik, an analyst at GZ.

conforms to the EC stock exchange regulations," explains Mr Wolfgang Feuchtmüller, chief markets analyst at Landerbank.

Last week, Girozentrale, heading an international consortium, bought 40 per cent of Ibusz, Hungary's successful travel agency.



SOUTH AFRICA

GOLD SHARES traded quietly in Johannesburg, reflecting a thin market and pressure from a firmer financial bond. Osi lost R4 to R128 and Hansfontein shed R1.25 to R33.

STOCKHOLM

STOCKHOLM saw the profit-takers keep up the pressure, although bargain-hunters managed to trim the market's early losses. The OMX's early index added 3.31 to 1,111.58, a fairly lively session, with turnover of SEK 8.8bn, up from Monday's SEK 8.1bn.

This announcement appears as a matter of record only.

October 1989

GEC Siemens plc

has acquired

The Plessey Company plc

The undersigned acted as financial advisor to Siemens and as joint advisor to GEC Siemens plc

Schroders J. Henry Schroder Wagg & Co. Limited

Table with columns: NATIONAL AND REGIONAL MARKETS, MONDAY DECEMBER 18 1989, FRIDAY DECEMBER 15 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, and regional indices like Europe, Nordix, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex., World Ex. US, World Ex. UK, World Ex. A, World Ex. Japan, and World Index.